

File No. 210034

Committee Item No. 15

Board Item No. 12

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 27, 2021

Board of Supervisors Meeting

Date February 2, 2021

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER (Use back side if additional space is needed)

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|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MTAB Resolution No. 201215-110</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Continuing Disclosure Certificate</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>SFMTA Revenue Bond Good Faith Estimates</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>6th Supplement Indenture of Trust</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CEQA Determination - January 27, 2021</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>SFMTA Presentation - January 27, 2021</u> |
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Completed by: Linda Wong

Date January 19, 2021

Completed by: Linda Wong

Date January 29, 2021

1 [New Money Revenue Bonds - Municipal Transportation Agency - Not to Exceed
2 \$300,000,000]

3 **Resolution authorizing the sale, issuance and execution of not to exceed \$300,000,000**
4 **aggregate principal amount on a tax-exempt or taxable basis of revenue bonds by the**
5 **Municipal Transportation Agency to provide funds to finance capital improvements for**
6 **the Municipal Transportation Agency's purposes, approving the form of certain**
7 **financing documents including a bond purchase contract, the sixth supplement to**
8 **indenture of trust, one or more escrow agreements, and a continuing disclosure**
9 **certificate; authorizing the taking of appropriate actions in connection therewith, as**
10 **defined herein, and related matters approving the forms of documents relating thereto,**
11 **as defined herein; approving the maximum interest thereon; finding that the**
12 **authorization and issuance of revenue bonds by the Agency is not a project under the**
13 **California Environmental Quality Act (CEQA), CEQA Guidelines, and San Francisco**
14 **Administrative Code, Chapter 31; and approving related matters, as defined herein.**

15
16 WHEREAS, The San Francisco Municipal Transportation Agency ("SFMTA") desires to
17 provide funds for SFMTA's purposes; and

18 WHEREAS, Pursuant to Section 8A.102(b)(13) of the Charter ("Charter") of the City
19 and County of San Francisco ("City"), the Board of Supervisors of the City and County of San
20 Francisco ("Board") may concur with the issuance of revenue bonds by the Board of Directors
21 ("Board of Directors") of the SFMTA without voter approval for any SFMTA-related purpose
22 and secured solely by SFMTA revenues, such revenue bonds to be issued and sold in
23 accordance with state law, the Charter or any procedure provided for by ordinance; and

24 WHEREAS, Pursuant to the procedures outlined in Article XIII of Chapter 43 of the San
25 Francisco Administrative Code ("Code"), the Board of Directors may issue revenue bonds

1 authorized in accordance with the Charter ("SFMTA Revenue Bonds"); and

2 WHEREAS, On December 15, 2020, the Board of Directors of the SFMTA approved
3 Resolution No. 2015-110 for, among other things, the issuance of new money revenue bonds
4 in an aggregate principal amount not to exceed \$300,000,000, and authorized and directed
5 the Executive Director of the SFMTA to seek Board of Supervisors concurrence with respect
6 to the issuance of such obligations; and

7 WHEREAS, In order to provide funds for new capital projects, the SFMTA desires to
8 issue its Revenue Bonds, in one or more series or subseries, on a taxable or tax-exempt
9 basis in an aggregate amount not to exceed \$300,000,000; and

10 WHEREAS, The SFMTA desires to enter into a form of Purchase Contract (as defined
11 below) with the underwriters to be named therein for the purpose of underwriting the Revenue
12 Bonds; and

13 WHEREAS, The SFMTA has been presented with the form of certain documents
14 related to the SFMTA Revenue Bonds, including the Sixth Supplement, the Purchase
15 Contract, one or more escrow agreements, and the Continuing Disclosure Certificate (all as
16 defined below, and collectively, the "Financing Documents"), and the SFMTA has examined
17 each document and desires to approve, authorize and direct the execution of such documents
18 and the consummation of such financing; and

19 WHEREAS, The provisions of the Financing Documents do not conflict with the
20 requirements of the Code; now, therefore, be it

21 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
22 follows:

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

24 Section 2. Approval and Authorization of SFMTA Revenue Bonds. The Board of
25 Directors hereby concurs with the issuance by the SFMTA of its Revenue Bonds in one or

1 more series or sub-series for the purposes of providing funds to finance capital projects for
2 SFMTA's purposes, and paying costs of issuance and other incidental costs, is hereby
3 approved as required by Section 43.13.4 of the Code. The total principal amount of the
4 SFMTA Revenue Bonds issued from time to time shall not exceed the aggregate principal
5 amount of \$300,000,000.

6 Section 3. No Conflicts with the Code. The SFMTA Revenue Bonds shall be issued
7 pursuant to the terms of the Financing Documents as each shall be approved as to form by
8 the City Attorney, which approval shall be conclusively evidenced by the signature of the City
9 Attorney on each such agreement; provided, that the terms of the Financing Documents shall
10 not conflict with the requirements of the Code.

11 Section 4. Maximum Interest Rate. Pursuant to Section 43.13.4(b) of the Code, the
12 maximum interest rate for the SFMTA Revenue Bonds shall not exceed 12% per annum.

13 Section 5. Approval of the Sixth Supplement and Authorization of the Trustee. The form
14 of a sixth supplement to indenture of trust ("Sixth Supplement"), supplementing that certain
15 Indenture of Trust dated July 1, 2012 ("Indenture"), by and between the SFMTA and U.S.
16 Bank National Association, as trustee or such other trustee selected by the Director of
17 Transportation of the SFMTA ("Director") or his designee, copies of which are on file with the
18 Clerk of the Board under File No. 210034 is hereby approved, with such changes, additions,
19 and modifications as the Director or his designee may make or approve in accordance with
20 Section 8 hereof.

21 Section 6. Approval of Bond Purchase Contract relating to the SFMTA Revenue Bonds.
22 The form of a bond purchase contract relating to the SFMTA Revenue Bonds ("Purchase
23 Contract"), a copy of which is on file with the Clerk of the Board under File No. 210034 is
24 hereby approved, with such changes, additions, and modifications as the Director or his
25 designee may make or approve in accordance with Section 8 hereof.

1 Section 7. Approval of the Continuing Disclosure Certificate. The form of a continuing
2 disclosure certificate of the SFMTA ("Continuing Disclosure Certificate"), a copy of which is on
3 file with the Clerk of the Board under File No. 210034 is hereby approved, with such changes,
4 additions, and modifications as the Director or his designee may make or approve in
5 accordance with Section 8 hereof.

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

16 Section 9. Modification of Financial Covenants. Notwithstanding anything to the
17 contrary in this Resolution, the Director, with the advice of the municipal advisor to the
18 SFMTA, may approve modifications to the financial covenants set forth in the Financing
19 Documents, including but not limited to budget and revenue covenants, additional debt
20 covenants and the definition of "Pledged Revenues" to the extent such revisions are deemed
21 necessary or desirable by the Director for the issuance of the SFMTA Revenue Bonds based
22 on consultation with the SFMTA's municipal advisor.

23 Section 10. CEQA. On January 27, 2021, the Planning Department made the following
24 finding in compliance with the California Environmental Quality Act (CEQA), California Public
25 Resources Code, Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative Code,

1 Sections 15000 et seq., (CEQA Guidelines), and San Francisco Administrative Code, Chapter
2 31 (Chapter 31); that the issuance of the SFMTA Revenue Bonds by the SFMTA is not
3 subject to CEQA because as the establishment of a government financing mechanism that
4 does not identify individual specific projects to be constructed with the funds, it is not a project
5 as defined by CEQA and the CEQA Guidelines, which determination is contained in Board of
6 Supervisors File No. 210034, and this Board concurs with this determination.

7 Section 11. General Authority. The Director, Controller of the City, the City Attorney,
8 and all other appropriate officers, employees, representatives and agents of the City are
9 hereby authorized and directed to do everything necessary or desirable to provide for the
10 issuance of the SFMTA Revenue Bonds; provided however, the authorization herein provided
11 is subject to the approval by the SFMTA of a form of Preliminary Official Statement prepared
12 in connection with the issuance of the Revenue Bonds.

13

14 APPROVED AS TO FORM:

15 DENNIS J. HERRERA, City Attorney

16

17 By /s/ Mark D. Blake
18 MARK D. BLAKE
19 Deputy City Attorney

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| <p>Items 14 and 15 Files 20-0027 and 20-0034</p> | <p>Department: Municipal Transportation Agency (MTA)</p> |
| <p>EXECUTIVE SUMMARY</p> | |
| <p style="text-align: center;">Legislative Objectives</p> <p><u>File 20-0027</u>: The proposed ordinance would appropriate \$287,000,000 of the Series 2021C revenue bond proceeds to the MTA in FY2020-21 to finance capital improvements.</p> <p><u>File 20-0034</u>: The proposed resolution would provide for the issuance of not-to-exceed \$300,000,000 aggregate principal amount on a tax-exempt or taxable basis of revenue bonds by the Municipal Transportation Agency (MTA) and approve related financing documents.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • MTA has currently issued five series of revenue bonds in 2012, 2013, 2014 and 2017 with an original par value of \$387,670,000, and an outstanding par value of \$323,075,000. • MTA projects to be funded through the proposed \$287,000,000 bond program include: (1) 1200 15th Street Renovation; (2) Train Control System Upgrade; (3) Parking Meter Replacement; (4) Transit Optimization; and (5) Light Rail Vehicle Replacement and Expansion Procurement. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • MTA anticipates issuing \$287,000,000 in fixed rate, tax exempt revenue bonds for a 30-year term with a true interest cost of approximately 2.38 percent. According to good faith estimates from MTA’s Municipal Advisor Backstrom, McCarley Berry & Co, estimated total debt service over 30 years would be approximately \$443.5 million, of which \$188.5 million is interest and \$256.8 million is principal. • MTA will repay the bonds from MTA pledged revenues, which totaled approximately \$764,755,363 in FY 2019-20 and are projected to decrease by \$70,607,946 to \$694,147,417 in FY 2020-21. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • As of January 21, 2021, MTA’s revenue bonds maintain a S&P Global credit rating of “AA-“, which was downgraded from an “AA” rating in November 2020. MTA’s revenue bonds also maintain a Moody’s investment grade rating of “Aa2”, which has not changed. Both ratings denote that MTA’s credit is high-quality investment grade, which signals low risk for investors, according to the respective credit rating agencies. • Projects were selected by the following criteria: 1) essentiality to the transportation system, and 2) ability to swap existing funds allocated to the projects to the MTA’s operating budget to support essential services and mitigate potential staffing reductions. MTA states that the latest review of all Five-Year Capital Improvement Plan revenue sources indicates losses of up to \$92 million in FY 2021 and FY 2022, and \$202 million over the five years from FY 2021 to FY 2025, compared to the Five-Year CIP approved by the MTA Board of Directors on April 21, 2020. The proposed bonds are intended to assist in covering that projected shortfall. <p style="text-align: center;">Recommendation</p> <p>Approve the proposed resolution (File 20-0034) and the proposed ordinance (File 20-0027).</p> | |

MANDATE STATEMENT

Charter Section 8A.102(b)(13) authorizes the San Francisco Municipal Transportation Agency (MTA) to incur debt and issue bonds, notes, certificates of indebtedness, commercial paper, financing leases, certificates of participation and other debt instruments without further voter approval, subject to Board of Supervisors approval. Charter Section 8A.102(b)(13) requires that (1) the Controller must first certify that MTA has sufficient unencumbered fund balances available in the appropriate fund to meet all payments on debt obligations as they become due; and (2) any debt obligation, if secured, is secured by revenues or assets under the jurisdiction of the MTA.

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

BACKGROUND

In 2007, San Francisco voters approved Proposition A, authorizing MTA to issue revenue bonds and other forms of indebtedness to finance transit, parking and other capital improvement projects, subject to Board of Supervisors’ approval.

MTA has currently issued five series of revenue bonds in 2012, 2013, 2014 and 2017 with an original par value of \$387,670,000, and an outstanding par value of \$323,075,000. The proceeds of the revenue bonds were used to refinance debt and finance transportation capital projects. According to Mr. Samuel Thomas, MTA Manager of Analysis and Controls Office, since each issuance, the agency has made annual debt service payments on these bonds. As shown in Table 1 below, MTA currently has \$323,075,000 of outstanding revenue bonds, with existing debt extending to 2047.¹

Table 1. Outstanding MTA Debt

| Bond Series Issuance | Outstanding Debt | Final Maturity of Bonds |
|----------------------|----------------------|-------------------------|
| Series 2012A | \$11,690,000 | 3/1/2032 |
| Series 2012B | 25,835,000 | 3/1/2042 |
| Series 2013 | 56,190,000 | 3/1/2033 |
| Series 2014 | 62,495,000 | 3/1/2044 |
| Series 2017 | 166,865,000 | 3/1/2047 |
| Total | \$323,075,000 | |

Source: Municipal Transportation Agency

¹ Legislation is pending before the Board of Supervisors to refund the outstanding balance of Series 2012A, 2012B, 2013, and 2014 for estimated debt service savings of \$22.5 million (File 20-1397).

On December 15, 2020, the MTA Board of Directors approved the issuance of not to exceed \$300,000,000 aggregate principal amount of new money revenue bonds to provide funds for MTA purposes. The proposed bond sale of up to \$287,000,000 is expected to occur in March 2021 upon Board of Supervisors approval of the bond issuance (File 20-0034). The projects to be funded through the proposed \$287,000,000 bond program include: (1) 1200 15th Street Renovation²; (2) Train Control System Upgrade³; (3) Parking Meter Replacement⁴; (4) Transit Optimization⁵; and (5) Light Rail Vehicle Replacement and Expansion Procurement⁶. Specific project activities to be funded through the proposed bond sale of \$287,000,000 include the following:

- **1200 15th Street Renovation:** preliminary engineering, detailed design, and construction;
- **Train Control System Upgrade:** preliminary engineering, detailed design, and construction;
- **Parking Meter Replacement:** construction;
- **Transit Optimization:** construction; and
- **Light Rail Vehicle Replacement and Expansion Procurement:** vehicle purchases.

² Renovation of this facility will house MTA's Parking Control Officers (PCOs). According to MTA, the existing PCO facility at 505 7th Street is outdated and will not accommodate additional staff members that the agency is planning to hire. The lease on the existing facility expires in September 2023 and the MTA's goal is to complete construction of 1200 15th Street to move staff and operations by this time. MTA obtained 1200 15th Street through a jurisdictional transfer with Animal Care and Control (ACC). The facility is currently unoccupied as it is not yet fit for occupation and use by staff. Although MTA's capital plan considers rebuilding the existing structure at 1200 15th Street as a mixed-use development, consolidating parking enforcement operations on the first two floors and adding a mix of affordable and market rate housing on the upper floor, mixed use affordable housing is not yet confirmed for the site. Preliminary engineering work began in January and construction is expected to be complete in November 2025.

³ According to Mr. Thomas, MTA's current Automatic Train Control System (ATCS) is aging and frequently responsible for Muni Metro subway slowdowns. This project includes the design and procurement of a next-generation communications-based train control (CBTC) system for the rail network, including both surface and subway alignments to bring the train control system into a state of good repair and enable the expansion of rail service. Preliminary engineering work is expected to begin in February 2021 and construction is expected to be complete in September 2028.

⁴ This includes funding a portion of the replacement costs associated with the City's 29,000+ parking meters with updated equipment based on end-of-life issues and the use of current wireless technology. According to MTA, the current meters have reached their useful lifespan and the current cellular technology used will soon be obsolete as the industry moves to 5G technology. Construction is expected to begin in January 2022 and be complete by the end of that year.

⁵ This includes constructing a package of transit, streetscape, and pedestrian safety improvements along a two-mile corridor of Van Ness Avenue. Key features include conversion of two mixed-flow traffic lanes into dedicated bus lanes, consolidated transit stops, high quality stations, transit signal priority, and pedestrian safety enhancements.

⁶ This includes funding a portion of the procurement of 151 replacement Light Rail Vehicles (LRV) and 68 additional LRVs to expand the fleet to 219 trains. Previous generation LRV2 and LRV3 trains, manufactured by Breda, are nearing the end of their useful lives. The expanded fleet of LRV4s is manufactured in California by Siemens. These new trains will include transit service for the Central Subway and expanded service citywide. Procurement has been ongoing since July 2014 and is expected to be complete in February 2026.

According to Mr. Thomas, the not to exceed bond authorization of \$300,000,000 of the proposed resolution is higher than the appropriation amount of \$287,000,000 because when the MTA Board of Directors approved the new money revenue bonds on December 15, 2020, the Agency did not yet know which projects it would fund. While Covid-related losses were known, the capital budget and Five-Year Capital Improvement Plan required additional analysis to determine which projects would require funding. At the December 15, 2020 MTA Board meeting, the Directors approved a resolution authorizing the not to exceed bond authorization amount of \$300,000,000⁷, with the condition that the Agency return to the MTA Board of Directors prior to issuance to approve the list of projects in specific amounts that will be funded by the proceeds. Mr. Thomas states that MTA subsequently determined that \$287,000,000 was the true funding need. At the January 19, 2020 MTA Board meeting, the Directors approved a resolution recommending that the Board of Supervisors appropriate up to \$287,000,000 of the new revenue bonds proceeds for the following MTA projects: \$118,000,000 for Transportation Infrastructure (1200 15th Street Renovation, Trail Control System Upgrade, Parking Meter Replacement, and Transit Optimization) and \$137,000,000 for Transportation Equipment (Light Rail Vehicle Replacement and Expansion Procurement) and \$31,500,000 for reserve funds and costs of issuance.

DETAILS OF PROPOSED LEGISLATION

File 20-0034: The proposed resolution would:

1. Provide for the issuance of not-to-exceed \$300,000,000 aggregate principal amount on a tax-exempt or taxable basis of revenue bonds by the Municipal Transportation Agency (MTA) to provide funds to finance capital improvements;
2. Authorize the issuance and sale of the bonds;
3. Approve the form of certain financing documents including a bond purchase contract, the sixth supplement to indenture of trust, one or more escrow agreements, and a continuing disclosure certificate;
4. Authorize the taking of appropriate actions in connection therewith; and related matters approving the forms of documents;
5. Set a maximum interest rate of 12 percent per year on the bonds;
6. Adopt finding that the authorization and issuance of revenue bonds by the agency is not a project under the California Environmental Quality Act (CEQA), CEQA Guidelines, and San Francisco Administrative Code, Chapter 31.

⁷ According to Mr. Thomas, the MTA Board of Directors believed that quick action to support the Agency's financial position was required, and a rough order of magnitude calculation yielded a \$300,000,000 estimate.

File 20-0027: The proposed ordinance would appropriate \$287,000,000 of the Series 2021C revenue bond proceeds to the MTA in FY2020-21 to finance capital improvements. The \$287,000,000 appropriation would be placed on Controller's Reserve pending sale of the bonds.

Table 2 below outlines anticipated sources and uses for the Series 2021C bonds.

Table 2: Sources and Uses of Series 2021C Bond Proceeds

| Sources | |
|---|----------------------|
| Par Amount | \$256,790,000 |
| Premium ⁸ | 30,210,000 |
| Total Sources | \$287,000,000 |
| Uses | |
| <i>Administrative Costs and Reserves</i> | |
| Costs of Issuance | \$700,000 |
| Controller's Audit Fund | 510,000 |
| Underwriter's Discount | 600,000 |
| Debt Service Fund ⁹ | 22,500,000 |
| Reserve for Market Uncertainty ¹⁰ | 7,690,000 |
| <i>Administrative Costs and Reserves Subtotal</i> | <i>\$32,000,000</i> |
| <i>Project Costs</i> | |
| 1200 15 th Street Renovation | \$20,000,000 |
| Train Control System Upgrade | 41,000,000 |
| Parking Meter Replacement | 22,000,000 |
| Transit Optimization | 35,000,000 |
| Light Rail Vehicle Replacement | 137,000,000 |
| <i>Project Costs Subtotal</i> | <i>\$255,000,000</i> |
| Total Uses | \$287,000,000 |

Source: Municipal Transportation Agency

MTA anticipates one issuance of revenue bonds. Table 3 below shows the specific project activities to be funded by the proposed Series 2021C revenue bonds.

⁸ The premium is the amount that investors would be willing to pay more than the face value of the bonds.

⁹ Cash assets designated by the MTA to ensure full and timely payments to bond holders during the project construction period.

¹⁰ A reserve to provide room in the total appropriation amount for fluctuations in the market, which is standard practice in bonds issuances.

Table 3: Series 2021C Revenue Bonds Funds Allocation

| Projects | Expenditures (Pre-Bond) | Bond Funds (Series 2021C) | Future Expenditures | Total Project Costs |
|---|----------------------------|------------------------------|------------------------|------------------------|
| 1200 15th Street Renovation | \$1,170,481 | \$20,000,000 | \$12,929,519 | \$34,100,000 |
| Planning | 440,000 | 0 | 0 | |
| Preliminary Engineering | 730,481 | 1,069,519 | 0 | |
| Detailed Design | 0 | 2,976,827 | 2,033,173 | |
| Construction | 0 | 15,953,654 | 10,896,346 | |
| Train Control System Upgrade | 12,440,000 | 41,000,000 | 153,780,000 | 207,220,000 |
| Planning | 12,440,000 | 0 | 0 | |
| Preliminary Engineering | 0 | 6,662,132 | 24,987,868 | |
| Detailed Design | 0 | 7,272,564 | 27,277,436 | |
| Construction | 0 | 27,065,304 | 101,514,696 | |
| Parking Meter Replacement | 0 | 22,000,000 | 0 | 22,000,000 |
| Construction | 0 | 22,000,000 | 0 | |
| Transit Optimization | 182,390,000 | 35,000,000 | 0 | 217,390,000 |
| Planning | 7,600,000 | 0 | 0 | |
| Preliminary Engineering | 8,690,000 | 0 | 0 | |
| Detailed Design | 14,730,000 | 0 | 0 | |
| Construction | 151,370,000 | 35,000,000 | 0 | |
| Light Rail Vehicle Replacement & Expansion | 603,321,460 | 137,000,000 | 373,058,540 | 1,113,380,000 |
| Vehicle Purchases | 603,321,460 | 137,000,000 | 373,058,540 | |
| Project Total | \$799,321,941 | \$255,000,000 | \$539,768,059 | \$1,594,090,000 |

Source: Municipal Transportation Agency

Total estimated costs for these five projects are approximately \$1.6 billion, including \$255 million in proposed Series 2021C bond proceeds. According to Mr. Thomas, remaining project expenditures of approximately \$539.8 million will be funded by a combination of sources through the MTA's FY 2021-25 Five-Year Capital Improvement Program (CIP).

Capital Planning Committee Approval

The Capital Planning Committee approved the issuance of the associated tax-exempt revenue bonds in an amount not to exceed \$300,000,000 to fund these MTA capital projects on January 11, 2021.

MTA Bond Oversight Committee

In 2011, the MTA Board of Directors established the MTA Bond Oversight Committee, comprised of seven members, to oversee the spending of bond proceeds and inform the MTA Board of Directors and the public on the status of the projects funded by debt. The MTA Bond Oversight Committee has issued annual reports from FY 2012-13 through FY 2018-19. The first Series 2021C Revenue Bond Report will be provided to the Bond Oversight Committee after the first full quarter subsequent to the issuance of the proposed Series 2021C bonds.

California Environmental Quality Act (CEQA)

The proposed resolution notes that issuance of MTA revenue bonds is a financing mechanism which is not subject to CEQA, and that MTA will not proceed with any project until it is fully compliant with CEQA.

FISCAL IMPACT**Annual Debt Service**

MTA anticipates issuing \$287,000,000 in fixed rate, tax exempt revenue bonds for a 30-year term with a true interest cost of approximately 2.38 percent. According to good faith estimates¹¹ from MTA's Municipal Advisor Backstrom, McCarley Berry & Co, estimated total debt service over 30 years would be approximately \$443.5 million, of which \$188.5 million is interest and \$256.8 million is principal¹².

Average annual debt service over the 30-year term of the proposed Series 2021C bonds is \$14.8 million.¹³ However, actual annual debt service on the proposed 2021C bonds would vary because, according to Mr. Thomas, the proposed Series 2021C bonds would be structured to allow level debt service payments (e.g., the same amount every year) when the debt service for the proposed new money bonds are combined with existing debt service on the outstanding Series 2017 revenue bonds and proposed Series 2021A and 2021B refunding bonds (File 20-1397 pending before the Board of Supervisors and discussed in the footnote above). As shown in Appendix I, MTA's annual debt service payments for all outstanding bonds would be approximately \$24.1 million in FY 2021-22, increasing to \$31.3 million in FY 2024-25.

Negotiated Sale of Bonds

Mr. Thomas states that the bonds will be sold through a negotiated process led by underwriters.¹⁴ According to Mr. Thomas, the impact of the Covid-19 pandemic on transportation has reduced demand for transportation sector bonds, and a competitive sale could result in higher interest rates for the MTA and a higher underwriter's discount to compensate for greater market risk and lack of opportunity for investors to review MTA's financial condition. According to Mr. Thomas, market benchmarks will be utilized to ensure the total interest cost to the City is the lowest achievable levels based on market conditions at the time of pricing.

Pledged Revenues

MTA will repay the bonds from MTA pledged revenues, which totaled approximately \$764,755,363 in FY 2019-20 and are projected to decrease by \$70,607,946 to \$694,147,417 in FY 2020-21, as summarized in Table 4 below.

¹¹ Based on estimates of market conditions as of January 6, 2021.

¹² The estimated principal of \$256.8 million equals bond proceeds nets of the bond premium, shown in Table 2 above.

¹³ \$14.8 million is equal to \$443.5 million total debt service divided by 30 annual debt service payments.

¹⁴ The underwriters for this transaction are RBC Capital Markets, Goldman Sachs & Co., and Siebert Williams Shank & Co.

Table 4. MTA's Gross Pledged Revenues (Projections as of December 9, 2020)

| Revenue Sources | FY 2018-19 (Actuals) | FY 2019-20 (Actuals) | FY 2020-21 (Projected) | FY 2021-22 (Projected) |
|---|-------------------------|-------------------------|---------------------------|---------------------------|
| Passenger Fares (fixed route and paratransit) | \$197,109,784 | \$154,100,412 | \$34,034,615 | \$75,239,435 |
| Traffic Fines, Fees, Permits and Taxi | 151,066,069 | 116,027,827 | 100,931,426 | 140,012,409 |
| Parking Meters | 61,264,074 | 43,912,682 | 36,529,707 | 65,797,685 |
| Parking Garages | 72,412,231 | 56,049,361 | 35,438,669 | 56,157,045 |
| Other (includes rent, advertising and interest) | 50,477,804 | 39,888,998 | 29,549,796 | 39,017,316 |
| AB 1107 ¹⁵ | 46,776,462 | 44,485,548 | 42,098,816 | 46,045,733 |
| State Transit Assistance (STA) | 64,726,627 | 61,227,565 | 46,270,753 | 54,069,446 |
| Transportation Development Act (TDA) | 46,162,703 | 49,434,104 | 41,063,438 | 47,362,317 |
| Federal Pandemic Support (CARES Act) | 0 | 199,628,866 | 176,583,108 | 0 |
| Federal Pandemic Support (December 2020) | 0 | 0 | 144,263,140 | 85,736,860 |
| TNC Congestion Mitigation Tax | 0 | 0 | 7,383,949 | 8,880,959 |
| Total | \$689,995,754 | \$764,755,363 | \$694,147,417 | \$618,319,205 |

Source: Municipal Transportation Agency

MTA does not include General Fund Baseline Transfer, General Fund Transfer In lieu of Parking Tax or restricted grant funds in the revenues pledged to repay these bonds. According to the official statement for the revenue bonds, MTA is not obligated to pay principal or interest on the bonds from any source of funds other than pledged revenues, such that the City's General Fund is not liable for payment of the principal or interest on the subject bonds.

Debt Service as a Percent of Operating Expenses

MTA implemented and updated debt policies in 2011 and 2013 which established MTA's process, guidelines, restrictions, and financial criteria for issuing debt to fund capital projects. According to MTA's debt policy, aggregate annual debt service on long-term debt should not exceed 5 percent of MTA's annual operating expenses. According to projections provided by MTA, the combined annual debt service of the Series 2017, refunding bonds (Series 2021A and 2021B), and proposed revenue bonds (Series 2021C) will not exceed 2.6 percent of MTA's annual operating budget over the 30-year term of the revenue bonds.

¹⁵ This is the half-cent sales tax collected in Alameda, Contra Costa and San Francisco counties. The state government allocates 75 percent of these funds to BART and the remaining 25 percent to the Metropolitan Transportation Commission, which allocates its share of the funds evenly between the San Francisco MTA and AC Transit.

Appropriation Ordinance

As previously mentioned, Board of Supervisors' approval is required to issue revenue bonds and expend the proceeds. Once Board approval is granted, MTA has the authority to reallocate funds within the Five-Year Capital Improvement Program in accordance with defined policies and procedures. Transfers of MTA capital funds are within the administrative authority of the Budget, Financial Planning and Analysis Section of MTA's Finance and Information Technology Division. Allowable transfers are as follows: (1) From Project "A" to Project "B" if: (a) Project A is complete and has savings; or (b) Project A has not been completed and a new revised funding plan has been approved by the Transportation Capital Committee that confirms project savings at completion, and (2) Between funding sources within a project if the total project budget remains the same.

POLICY CONSIDERATION

New Bond Issuance

Despite the severe impact of the Covid-19 health crisis on revenues supporting MTA's operating budget, Mr. Thomas states that current market conditions are favorable for debt issuance due to historically low interest rates. Mr. Thomas states that annual debt service is not currently projected to exceed 2.6 percent of the Agency's annual operating budget per MTA's debt policy; therefore, the Agency's historical and projected pledged revenues should remain at levels that would allow MTA to support the proposed issuance of new revenue bonds. As of January 21, 2021, MTA's revenue bonds maintain a S&P Global credit rating of "AA-", which was downgraded from an "AA" rating in November 2020. MTA's revenue bonds also maintain a Moody's investment grade rating of "Aa2", which has not changed. Both ratings denote that MTA's credit is high-quality investment grade, which signals low risk for investors, according to the respective credit rating agencies.

Project Selection

According to Mr. Thomas, the projects to be funded by bond proceeds were selected by the following criteria: 1) essentiality to the transportation system, and 2) ability to swap existing funds allocated to the projects to the MTA's operating budget to support essential services and mitigate potential staffing reductions. Mr. Thomas states that the new revenue bonds are needed to ensure that MTA's transit system is operating in a state of good repair. Without replacement dollars from the new revenue bonds, Mr. Thomas states that MTA will fall further behind on its \$3.2 billion state-of-good repair backlog, negatively impacting transit reliability, travel times, and MTA's ability to manage the transportation system. According to Mr. Thomas, remaining project expenditures will be funded by a combination of sources through the MTA's FY 2021-25 Five-Year CIP.

Backfilling Capital Revenues with Operating Revenues

The proposed revenue bonds were not included as a funding source in the Five-Year CIP for FY 2021 – FY 2025. Mr. Thomas states that new revenue bonds are needed to aid in maintaining the integrity of the MTA's Five-Year CIP given current and potential revenue losses precipitated by

the Covid-19 pandemic and will serve as a bridge to support transit and other essential transportation services. Mr. Thomas states that the latest review of all Five-Year CIP revenue sources indicates losses of up to \$92 million in FY 2021 and FY 2022, and \$202 million over the five years from FY 2021 to FY 2025, compared to the Five-Year CIP approved by the MTA Board of Directors on April 21, 2020. The proposed bonds are intended to assist in covering that projected shortfall.

By issuing new revenue bonds, MTA is pledging revenues that could be used for operations to instead pay for the capital projects funded by the bonds. As noted above, MTA determined that these projects were essential to the transportation system, and/or that use of bond proceeds for these projects would free up operating funds that would otherwise be allocated to the projects.

RECOMMENDATION

Approve the proposed resolution (File 20-0034) and the proposed ordinance (File 20-0027).

Appendix: Annual Debt Service, Series 2017 Bonds, Series 2021A and 2021B Refunding Bonds, and Series 2021C New Money Bonds

| | A | B | C | D | E |
|--------------|--|--|--|--|--|
| Fiscal Year | Current Debt Service (Excluding Refunding) | Debt Service with Refunding Series 2017, 2021A and 2021B | Proposed New Money Debt Service Series 2021C | Total Adjusted Debt Service Assuming Refunding (B+C=D) | Adjusted Debt Service Compared to Current Debt Service (D-A=E) |
| 2021 | 23,517,131 | 13,885,709 | | 13,885,709 | (9,631,422) |
| 2022 | 23,521,031 | 13,717,747 | 7,703,700 | 21,421,447 | (2,099,584) |
| 2023 | 23,337,781 | 20,579,706 | 7,703,700 | 28,283,406 | 4,945,625 |
| 2024 | 23,335,531 | 23,330,556 | 7,703,700 | 31,034,256 | 7,698,725 |
| 2025 | 23,338,781 | 23,334,832 | 7,993,700 | 31,328,532 | 7,989,751 |
| 2026 | 23,333,831 | 23,329,618 | 8,000,000 | 31,329,618 | 7,995,787 |
| 2027 | 23,337,081 | 23,333,652 | 7,995,850 | 31,329,502 | 7,992,421 |
| 2028 | 23,336,844 | 23,332,900 | 7,996,550 | 31,329,450 | 7,992,606 |
| 2029 | 23,336,831 | 23,334,106 | 7,991,950 | 31,326,056 | 7,989,225 |
| 2030 | 23,334,194 | 23,327,705 | 8,002,200 | 31,329,905 | 7,995,711 |
| 2031 | 23,336,344 | 23,335,491 | 7,991,850 | 31,327,341 | 7,990,997 |
| 2032 | 23,334,013 | 23,332,055 | 7,996,500 | 31,328,555 | 7,994,543 |
| 2033 | 23,335,738 | 23,334,941 | 7,990,700 | 31,325,641 | 7,989,904 |
| 2034 | 17,361,988 | 17,361,566 | 13,964,750 | 31,326,316 | 13,964,329 |
| 2035 | 17,356,988 | 17,352,758 | 13,974,250 | 31,327,008 | 13,970,021 |
| 2036 | 17,361,188 | 17,360,162 | 13,967,750 | 31,327,912 | 13,966,725 |
| 2037 | 17,358,438 | 17,358,240 | 13,970,550 | 31,328,790 | 13,970,353 |
| 2038 | 17,358,525 | 17,353,503 | 13,972,200 | 31,325,703 | 13,967,178 |
| 2039 | 17,358,713 | 17,356,830 | 13,972,550 | 31,329,380 | 13,970,668 |
| 2040 | 17,354,463 | 17,354,000 | 13,971,450 | 31,325,450 | 13,970,988 |
| 2041 | 17,350,575 | 17,350,313 | 13,978,750 | 31,329,063 | 13,978,488 |
| 2042 | 17,361,575 | 17,360,898 | 13,964,000 | 31,324,898 | 13,963,323 |
| 2043 | 14,559,175 | 14,558,030 | 16,767,650 | 31,325,680 | 16,766,505 |
| 2044 | 14,557,725 | 14,556,510 | 16,769,950 | 31,326,460 | 16,768,735 |
| 2045 | 10,052,825 | 10,052,825 | 21,272,200 | 31,325,025 | 21,272,200 |
| 2046 | 10,053,625 | 10,053,625 | 21,274,100 | 31,327,725 | 21,274,100 |
| 2047 | 10,055,025 | 10,055,025 | 21,271,300 | 31,326,325 | 21,271,300 |
| 2048 | | | 31,328,500 | 31,328,500 | 31,328,500 |
| 2049 | | | 31,328,450 | 31,328,450 | 31,328,450 |
| 2050 | | | 31,328,350 | 31,328,350 | 31,328,350 |
| 2051 | | | 31,327,450 | 31,327,450 | 31,327,450 |
| Total | 519,235,956 | 496,993,303 | 443,474,600 | 940,467,903 | 421,231,947 |

Source: Municipal Transportation Agency

\$ _____
San Francisco Municipal Transportation Agency
\$ _____ Revenue Bonds, Series 2021C

BOND PURCHASE CONTRACT

_____, 2021

San Francisco Municipal Transportation Agency
1 South Van Ness Avenue
7th Floor
San Francisco, CA 94103

Ladies and Gentlemen:

The undersigned RBC Capital Markets, LLC (the “Representative”) on its own behalf and on behalf of Goldman Sachs & Co. LLC and Siebert Williams Shank & Co., LLC (each, an “Underwriter” and collectively with the Representative, the “Underwriters”), hereby offers to enter into this agreement (this “Purchase Contract”) with the San Francisco Municipal Transportation Agency (the “Agency”). Upon the acceptance of this offer by the execution and delivery of this Purchase Contract by the Agency to the Representative, this Purchase Contract will be binding upon the Agency and the Underwriters. This offer is made subject to the acceptance of this Purchase Contract by the Agency on or before 5:00 p.m., California time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice (by facsimile transmission or otherwise) from the Representative delivered to the Agency at any time prior to the acceptance of this Purchase Contract by the Agency. If the Underwriters withdraw this offer, or the Underwriters’ obligation to purchase the Bonds (as hereinafter defined) is otherwise terminated pursuant to Section 10 hereof, then and in such case the Agency shall be without any further obligation to the Underwriters, including the payment of any costs set forth under Section 11(b) hereof, and the Agency shall be free to sell the Bonds (defined below) to any other party.

Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the respective meanings set forth for such terms in the Official Statement (as hereinafter defined) and the Indenture (as hereinafter defined).

The Representative represents and warrants to the Agency that it has been duly authorized to enter into this Purchase Contract on behalf of the Underwriters and to act hereunder by and on behalf of the other Underwriters. Any authority, discretion or other power conferred upon the Underwriters by this Purchase Contract may be exercised jointly by all of the Underwriters or by the Representative on their behalf.

The Underwriters represent and warrant that this Purchase Contract, assuming due and legal execution and delivery thereof by, and validity against, the Agency, when executed by the Representative, will be a legal, valid and binding joint and several obligation of each Underwriter enforceable in accordance with its terms, subject to valid bankruptcy, insolvency, reorganization moratorium and other laws affecting creditors' rights generally,

The Agency acknowledges and agrees that (a) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length, commercial transaction between the Agency and each of the Underwriters in which each Underwriter is acting solely as a principal and is not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor, or fiduciary of the Agency; (b) the Underwriters have not assumed (individually or collectively) any advisory or fiduciary responsibility to the Agency with respect to the Purchase Contract, the offering of the Bonds and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter, or any affiliate of an Underwriter, has provided other services or is currently providing other services to the Agency on other matters); (c) the Underwriters have financial and other interests that differ from those of the Agency; and (d) the Agency has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Contract, the Underwriters (acting as principals and independent contractors and not as advisors, agents or fiduciaries) hereby, jointly and severally, agree to purchase from the Agency, and the Agency agrees to sell and deliver to the Underwriters, all (but not less than all) of the \$_____ aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021C (the "Bonds"). The purchase price for the Bonds shall be \$_____ (the "Purchase Price"), calculated as the aggregate principal amount of \$_____ plus an aggregate [net] original issue premium in the amount of \$_____ and less an aggregate underwriters' discount in the amount of \$_____.

The Bonds will be dated their date of delivery and will mature, subject to prior redemption, on March 1 in each year, in the amounts as set forth in Exhibit A attached hereto. The Bonds will be subject to optional redemption prior to maturity as shown on Exhibit A. The Bonds will bear interest at the interest rates set forth in Exhibit A. Interest shall be payable on each March 1 and September 1, commencing ____, 201__ until maturity or earlier redemption.

Interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds will be exempt from State of California (the "State") personal income taxes, all as further described in the Official Statement, dated the date hereof, and relating to the Bonds, as further defined below.

Section 2. Preliminary Official Statement and Official Statement. The Agency ratifies, approves and confirms the distribution of the Preliminary Official Statement with

respect to the Bonds, dated _____, 2021 (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the offering and sale of the Bonds by the Underwriters prior to the availability of the final Official Statement (defined below) relating to the Bonds to be dated the date hereof. The Agency represents that the Preliminary Official Statement was deemed final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity date, delivery date, ratings and other terms of the Bonds permitted to be excluded from the Preliminary Official Statement by Rule 15c2-12 (the "Excluded Information"). The Agency hereby acknowledges that the Preliminary Official Statement has been made available to investors in electronic form.

The Agency shall provide the Underwriters, within seven (7) business days after the date hereof (but in any event at least two (2) business days prior to the Closing Date (as defined herein)) with a reasonable number of copies of the Official Statement in the form of the Preliminary Official Statement with such changes thereto as have been approved by the Representative (which approval shall not be unreasonably withheld), as requested by the Representative, for distribution. The Agency authorizes and approves the distribution by the Underwriters of the Official Statement in connection with the offering and sale of the Bonds. The Agency authorizes the Representative to file, and the Representative hereby agrees to file at or prior to the Closing Date (as defined herein), the Official Statement with the Municipal Securities Rulemaking Board ("MSRB") in accordance with the applicable rules of the MSRB. The Official Statement, including the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto on or prior to the Closing Date is herein referred to as the "Official Statement."

Section 3. Authorization of the Bonds. The Bonds shall be as described in the Official Statement and shall be issued and delivered and secured under the provisions of an Indenture of Trust dated as of July 1, 2012, between the Agency and U.S. Bank National Association, as trustee (the "Trustee") (the "Master Indenture"), as previously supplemented (the "Indenture of Trust"), including as supplemented by a Sixth Supplement to Indenture of Trust dated as of _____ 1, 2021 (the "Sixth Supplement," and together with the Indenture of Trust, the "Indenture"), by and between the Agency and the Trustee. The issuance of the Bonds is authorized pursuant to Ordinance 57-12 of the Board of Supervisors of the City and County of San Francisco (the "Board of Supervisors"), adopted on April 19, 2012 (the "Ordinance"). The Indenture, the Continuing Disclosure Certificate dated the Closing Date (defined below) executed by the Agency in connection with the Bonds (the "Continuing Disclosure Certificate") and this Purchase Contract were approved pursuant to Resolution No. _____ adopted by the Board of Directors of the Agency on _____, 2021 (the "Agency Document Resolution") and Resolution No. _____ adopted by the Board of Supervisors of the City and County of San Francisco on _____, 2021 and signed by the Mayor of the City and County of San Francisco on _____, 2021 (the "Board Resolution" and together with the Ordinance and the Agency Document Resolution, the "Authorizing Legislation"). The Preliminary Official

Statement and the Official Statement were approved pursuant to Resolution No. _____ adopted by the Board of Directors of the Agency on _____, 2021 (the “Agency Official Statement Resolution”). The Agency Document Resolution, the Board Resolution and the Agency Official Statement Resolution are collectively referred to as the “Resolutions”).

Section 4. The Bonds. The Bonds are being issued for the purpose of providing funds to (a) finance a portion of the costs of various capital projects for the Agency as described in the Official Statement and other Agency purposes, (b) [make a deposit to the Series 2021C Reserve Account of the Bond Reserve Fund established under the Indenture], and (c) pay a portion of the costs of issuance of the Bonds.

Section 5. Agency Representations, Covenants and Agreements. The Agency represents and covenants and agrees with each of the Underwriters that as of the date hereof:

(a) The Agency has full legal right, power and authority to issue the Bonds and to enter into the Indenture, this Purchase Contract and the Continuing Disclosure Certificate (the Indenture, this Purchase Contract and the Continuing Disclosure Certificate are collectively referred to herein as the “Agency Documents”) and to observe and perform the covenants and agreements in the Agency Documents and the Authorizing Legislation; by all necessary official action of the Agency, the Agency has duly adopted the Agency Document Resolution prior to or concurrently with the acceptance hereof; the Agency Document Resolution is in full force and effect and has not been amended, modified, rescinded or challenged by referendum; the Agency has duly authorized and approved the execution and delivery of, and the performance by the Agency of its obligations contained in, the Authorizing Legislation and the Agency Documents; pursuant to the Agency Official Statement Resolution, the Agency has duly authorized and approved the delivery of the Preliminary Official Statement and the execution and delivery of the Official Statement; and the Agency is in compliance in all material respects with the obligations in connection with the issuance, execution and delivery of the Bonds on its part contained in the Indenture and the Authorizing Legislation. The City has duly adopted the Board Resolution and the Board Resolution is in full force and effect.

(b) As of the date thereof and as of the date hereof, the Preliminary Official Statement (except for information regarding The Depository Trust Company (“DTC”) and its book-entry-only system, information under the caption “UNDERWRITING,” and the Excluded Information) did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(c) From the date of delivery of the Official Statement up to and including the end of the underwriting period (as such term is defined in Rule 15c2-12), the Official Statement (except for information regarding DTC and its book-entry only system and information provided by the Underwriters for inclusion therein, including without limitation the information under the caption “UNDERWRITING” and the CUSIP numbers) does not and will not contain any untrue statement of a material fact or omit to state a material fact

necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. For purposes of this Purchase Contract, the end of the underwriting period shall be deemed to be the Closing Date, unless the Representative shall have notified the Agency to the contrary on or prior to such date.

(d) If the Official Statement is supplemented or amended pursuant to Section 5(e) hereof, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including the Closing Date or the end of the underwriting period, as the case may be, the Official Statement as so supplemented or amended (except for information regarding DTC and its book-entry-only system and information provided by the Underwriters for inclusion therein, including without limitation the information under the caption "UNDERWRITING" and the CUSIP numbers, prices and yields on the Bonds) will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) If between the date of delivery of the Official Statement and the date that is 25 days after the end of the underwriting period (i) any event shall occur or any fact or condition shall become known to the Agency that would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the Agency shall notify the Representative thereof; and (ii) if in the reasonable opinion of the Agency or the Representative such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Representative, which approval shall not be unreasonably withheld.

(f) The Agency is not in material violation of, or in material breach of or in material default under, any applicable constitutional provision, charter provision, law or administrative regulation or order of the State or the United States of America or any applicable judgment or court decree or any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the Agency is a party or to which the Agency or any of its properties is otherwise subject which violation, breach or default would have a material adverse effect on the Agency's financial condition, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a violation, breach or default under any such instrument; and the execution and delivery of the Agency Documents, the enactment of the Authorizing Legislation and compliance with the provisions of the Agency Documents and the Authorizing Legislation do not and will not materially conflict with or constitute a material breach of or material default under any applicable constitutional provision, charter provision, law, administrative regulation, order, judgment, court decree, loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the Agency is subject, or by which it or any of its properties is bound which conflict, breach or default would have a material adverse effect on the Agency's financial condition.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending, with service of process having been accomplished, or to the best knowledge of the City Attorney after due inquiry, threatened by a prospective party or their counsel in writing addressed to the City Attorney, (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the issuance of any of the Bonds or the Agency Documents, or the payment of the principal of and interest on the Bonds, or the application of the proceeds of the Bonds; (iii) in any way contesting or affecting the validity of the Bonds, the Authorizing Legislation, the Agency Documents or the tax-exempt status of the interest on the Bonds, or contesting the powers of the Agency or any authority for the issuance, execution and delivery of the Bonds, the approval of the Authorizing Legislation or the execution and delivery by the Agency of the Agency Documents, the delivery of the Preliminary Official Statement or the execution and delivery of the Official Statement; (iv) which would likely result in any material adverse change relating to the financial condition of the Agency; or (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(h) The Agency will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the Agency in cooperation with the Representative as may be reasonably requested (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Representative, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, that the Agency shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(i) The Bonds and the Agency Documents when executed or adopted by the Agency, will be legal, valid and binding obligations of the Agency enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, other laws affecting creditors' rights generally, and to limitations on remedies against public agencies under California law.

(j) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, court, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the issuance of the Bonds or the due performance by the Agency of, its respective obligations under Agency Documents have been duly obtained or when required for future performance are expected to be obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(k) The financial statements of the Agency for the fiscal year ended June 30, 2020 set forth as an Appendix A to the Preliminary Official Statement and the Official Statement fairly present the financial position of the Agency as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein and, other than as set forth therein, were prepared in conformity with generally accepted accounting principles applicable to local governments applied on a consistent basis.

(l) The Agency has never defaulted in the payment of principal or interest with respect to any of its obligations.

(m) The Agency will undertake, pursuant to the Indenture and a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, pursuant to paragraph (b)(5) of Rule 15c2-12. An accurate description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

(n) Except as described in the Preliminary Official Statement and the Official Statement, the Agency has complied with all previous continuing disclosure undertakings required pursuant to Rule 15c2-12 for the past five years.

(o) Between the date hereof and the Closing Date, the Agency will not supplement or amend the Agency Documents, the Authorizing Legislation or the Official Statement in any respect that is material to the obligations of the Agency under this Purchase Contract without the prior written consent of the Representative, which consent shall not be unreasonably withheld.

Section 6. Underwriters' Representations, Covenants and Agreements. The representations, covenants and agreements of each of the Underwriters attached hereto as Exhibit C are incorporated by reference as though fully set forth herein. Each of the Underwriters further represents and covenants and agrees with the Agency that:

(a) The Representative has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of the Underwriters.

(b) Such Underwriter is not in material violation of, or in material breach of or in material default under, any applicable law, regulation, order or agreement to which such Underwriter is a party or by which such Underwriter is bound, which violation or breach would have a material adverse effect on such Underwriter's ability to execute (if such Underwriter is the Representative), deliver and perform this Purchase Contract. The Representative has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of the Underwriters.

(c) It shall comply with the San Francisco Business Tax Resolution and shall, if not otherwise exempt from such Resolution, provide to the City a Business Tax Registration Certificate on or prior to the date hereof.

(d) It shall comply with Chapter 12B of the San Francisco Administrative Code, entitled "Nondiscrimination in Contracts," which is incorporated herein by this reference.

Section 7. Offering. It shall be a condition to the Agency's obligations to sell and to deliver the Bonds to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Bonds that the entire \$_____ aggregate principal amount of the Bonds shall be executed, issued and delivered by or at the direction of the Agency and purchased, accepted and paid for by the Underwriters at the Closing. On or prior to the Closing, the Representative will provide the Agency with information regarding the reoffering prices and yields on the Bonds, in such form as the Agency may reasonably request.

The Underwriters agree, subject to the terms and conditions hereof, to make a bona fide public offering of all the Bonds initially at prices not in excess of the initial public offering prices as set forth on Exhibit A hereto and in the Official Statement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering price set forth in the Official Statement.

Each of the Underwriters will provide, consistent with the requirements of MSRB, for the delivery of a copy of the Official Statement to each customer who purchases a Bond during the underwriting period. Each of the Underwriters further agree that it will comply with applicable laws and rules of the SEC and MSRB, including without limitation Rule 15c2-12, in connection with the offering and sale of the Bonds.

Section 8. Closing. At 8:30 a.m., California time, on _____, 2021, or at such other time as shall have been mutually agreed upon by the Agency and the Representative (the "Closing Date" or the "Closing"), the Agency will deliver or cause to be delivered to the account of the Representative, under the Fast Automated Securities Transfer System of DTC, the Bonds, in the form of a separate single fully registered bond for each Series, maturity date and interest rate of the Bonds duly executed by the Agency and authenticated by the Trustee, together with the opinions and documents set forth in Section 9 hereof. The Representative will, subject to the terms and conditions hereof, accept delivery of the Bonds and pay the Purchase Price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds on the Closing Date. The Bonds shall be made available to the Trustee not later than one business day before the Closing Date. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

Payment for the delivery of the Bonds shall be coordinated at the offices of Schiff Hardin LLP, in San Francisco, California, or at such other place as shall have been mutually agreed upon by the Agency and the Representative. Such payment and delivery is called the "Closing." The Representative shall order CUSIP identification numbers and the Agency shall cause such CUSIP identification numbers to be printed on the Bonds, but neither the failure to print any such number on any Bond nor any error with respect

thereto shall constitute cause for failure or refusal by the Representative to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract.

Section 9. Closing Conditions. The obligations of the Underwriters under this Purchase Contract are subject to the performance by the Agency of its obligations hereunder and are also subject to the following conditions:

(a) the representations of the Agency herein shall be true, complete and correct on the date thereof and on and as of the Closing Date, as if made on the Closing Date;

(b) at the time of the Closing, the Agency Documents and the Resolutions shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Representative; and

(c) at or prior to the Closing, the Underwriters shall have received each of the following documents:

(i) the Official Statement, together with any supplements or amendments thereto in the event the Official Statement has been supplemented or amended, with the Official Statement and each supplement or amendment, if any, signed on behalf of the Agency by its authorized officer;

(ii) the Indenture of Trust, signed on behalf of the Agency and the Trustee by their respective authorized officers;

(iii) the Sixth Supplement, signed on behalf of the Agency and the Trustee by their respective authorized officers;

(iv) a certificate of the Agency dated the Closing Date and executed by its authorized officer(s), substantially in the form attached hereto as Exhibit D;

(v) an opinion of the City Attorney of the City, as counsel to the Agency, addressed to the Agency and the Underwriters in a form acceptable to the Agency and Schiff Hardin LLP and the Law Office of Monica M. Baranovsky ("Co-Bond Counsel");

(vi) unqualified opinions of Co-Bond Counsel, dated the Closing Date and in substantially the form set forth in Appendix G to the Official Statement;

(vii) supplemental opinions of Co-Bond Counsel, addressed to the Agency and the Underwriters, dated the Closing Date and in to the following effect:

(A) The statements contained in the Official Statement under the captions "TERMS OF THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS," APPENDIX F—"SUMMARY OF THE LEGAL DOCUMENTS" and APPENDIX G—"PROPOSED FORM[S] OF LEGAL OPINIONS OF CO-BOND COUNSEL,"

insofar as such statements purport to summarize certain provisions of the Indenture and the Bonds and the opinion of Co-Bond Counsel with respect to the validity and tax treatment of interest on the Bonds in all material respects.

(B) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(C) This Purchase Contract and the Agency Documents have each been duly authorized, executed and delivered by the Agency and constitute the valid and binding agreements of the Agency, each enforceable in accordance with its respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting enforcement of creditors' rights, by the application of equitable principles if equitable remedies are sought and limitations on the enforcement of legal remedies against public agencies in the State.

(viii) a Negative Assurance Letter from Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel, addressed and in form and substance acceptable to the Agency and the City Attorney, with a reliance letter to the Underwriters;

(ix) an opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Underwriters' Counsel ("Underwriters' Counsel"), addressed to the Underwriters, dated the Closing Date, to the effect that (A) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; (B) assuming the due authorization, execution and delivery of the Continuing Disclosure Certificate by the Agency and the enforceability thereof, the Continuing Disclosure Certificate is in a form that satisfies part (b)(5)(i) of Rule 15c2-12 of the Securities Exchange Act of 1934; and (C) based upon examinations which they have made, which may be specified, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, nothing has come to the attention of the attorneys in such firm rendering legal services to the Underwriters in connection with the Bonds which caused them to believe that (i) the Preliminary Official Statement as of its date or as of the date of the Purchase Contract contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or (ii) the Official Statement as of its date contained, or as of the date hereof contains, any untrue statement of a material fact or as of its date omitted, or as of the date hereof omits, to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except that, with respect to both the Preliminary Official Statement and

the Official Statement, such firm expresses no view with respect to any financial statements or other financial, accounting, statistical, economic, engineering or demographic data; any charts, tables, graphs, forecasts, estimates, projections, assumptions or expressions of opinion; the information set forth in the Appendices to the Preliminary Official Statement and the Official Statement; any CUSIP numbers or information relating thereto; or any information about tax status of the Bonds, DTC and its book-entry system, ratings or rating agencies;

(x) evidence of required filings with the California Debt and Investment Advisory Commission;

(xi) an opinion of counsel to the Trustee, addressed to the Agency and the Underwriters, dated the Closing Date and in form and substance acceptable to the Agency and the Representative;

(xii) a certificate of the Trustee, dated the Closing Date, to the effect that: (A) it is a national banking association duly organized and existing under the laws of the United States; (B) it has full corporate trust powers and authority to serve as Trustee under the Indenture; (C) it acknowledges and accepts its obligations under the Indenture and it has duly authorized, executed and delivered the Indenture and that such acceptance and execution and delivery is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any contract to which it is a party or any administrative or judicial decision by which it is bound; and (D) it has duly authenticated the Bonds in accordance with the terms of the Indenture;

(xiii) a Tax Certificate of the Agency in form and substance acceptable to Co-Bond Counsel and evidence of the preparation for filing of IRS Form 8038-G with respect to the Bonds;

(xiv) copies of the Authorizing Legislation and the Agency Official Statement Resolution, duly certified as having been duly enacted by the governing body and as being in full force and effect, with such changes or amendments as may have been approved in writing by the Representative, which approval shall not be unreasonably withheld;

(xv) evidence satisfactory to the Representative that Moody's Investors Service, Inc., and S&P Global Ratings have assigned ratings of "____," and "____," respectively, to the Bonds;

(xvi) the Continuing Disclosure Certificate duly executed by the Agency;

(xvii) the reports and other documents required by Section 2.09(b) of the Master Indenture; and

(xviii) such additional legal opinions, Bonds, instruments or other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date of this Purchase Contract and as of the Closing Date,

of the Agency's representations contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Agency on or prior to the Closing Date of all agreements then to be satisfied by the Agency.

If the Agency shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the Agency shall be under further obligations hereunder, except that the respective obligations of the Agency and the Underwriters set forth in Section 11 of this Purchase Contract shall continue in full force and effect.

Section 10. Termination. The Underwriters shall have the right to cancel their obligation to purchase the Bonds by written notification from the Representative to the Agency if at any time after the date of this Purchase Contract and prior to the Closing:

(a) any event shall have occurred or any fact or condition shall have become known which, in the reasonable judgment of the Representative upon consultation with the Agency, Co-Bond Counsel and Disclosure Counsel (both as hereinafter defined), at the time of such event, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and, in either such event, the Agency refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

(b) Legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which in the reasonable opinion of the Representative has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Indenture under the Trust Indenture Act of 1939, as amended; or

(c) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the delivery, offering or sale of obligations of the general character of the Bonds, or the delivery, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(d) any of the following occurs which, in the reasonable judgment of the Representative (set forth in a written notice from the Representative to the Agency

terminating the obligation of the Underwriters to accept delivery of and make payment for the Bonds), has a material adverse effect on the marketability or market price of the Bonds, at the initial offering prices set forth in the Exhibit A attached hereto, or the Underwriters' ability to process and settle transactions:

(i) new Legislation shall have been enacted by the Congress of the United States, or passed by either House of the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress of the United States by any committee of either House to which such legislation has been referred for consideration, or a new decision shall have been rendered by a court of the United States, or the United States Tax Court, or new order, ruling, regulation (final, temporary or proposed) or official statement shall have been made by the Treasury Department of the United States, including the Internal Revenue Service, the effect of which would be to cause interest on the Bonds or on securities of the general character of the Bonds to cease to be excludable from gross income for federal income tax purposes; or

(ii) an amendment to the Constitution of the State of California shall have been passed or legislation shall have been enacted by the California legislature, or a decision shall have been rendered by a court of the State of California, in each case which may have the purpose or effect of subjecting interest on the Bonds to State income tax; or

(iii) (A) The declaration of war by the United States, any major new outbreak or escalation of armed hostilities, an act of terrorism or any other major national calamity or crisis, (B) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations; or

(iv) the declaration of a general banking moratorium by any federal, New York or California authorities; or

(v) a general suspension of trading or other material restrictions on the New York Stock Exchange or other national securities exchange not in effect as of the date hereof; or

(vi) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters; or

(vii) the ratings on the Bonds or bonds on parity with the Bonds, is reduced or withdrawn or placed on credit watch with negative outlook by any one or more of the rating agencies rating the Bonds or bonds on parity with the Bonds; or

(viii) there shall have occurred any materially adverse change in the affairs or financial condition of the Agency not disclosed in the Preliminary Official Statement; or

(ix) a material disruption in municipal bond market securities settlement, payment or clearance services affecting the Bonds.

Section 11. Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Agency in establishing the issue prices of the Bonds and shall execute and deliver to the Agency at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Agency and Co-Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in Exhibit A attached hereto, the Agency will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Representative shall report to the Agency the price or prices at which the Underwriters have sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the Agency the prices at which the unsold Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that the Underwriters’ reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Agency or Co-Bond Counsel. For purposes of this Section, if Series Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Agency and the Representative, on behalf of the Underwriters agree that the restrictions set forth in the next sentence shall apply, which will allow the Agency to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the Agency promptly after the close of the fifth (5th) business day after the sale date whether the Underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriters, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriters, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have

been sold or it is notified by the Representative or such Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Agency acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Agency further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Agency (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial

sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Contract by all parties.

Section 12. Expenses.

(a) Except for those expenses assigned to the Underwriters pursuant to Section 11(b) hereof, the Underwriters shall be under no obligation to pay, and the Agency shall pay, any expenses incident to the performance of the Agency’s obligations under this Purchase Contract and the fulfillment of the conditions imposed hereunder, including but not limited to: (i) the fees and disbursements of Co-Bond Counsel, and Disclosure Counsel; (ii) the fees and disbursements of Backstrom McCarley Berry & Co., LLC, San Francisco, California (the “Municipal Advisor”); (iii) the fees and disbursements of any counsel, auditors, engineers, consultants or others retained by the Agency in connection with the transactions contemplated herein; (iv) the costs of preparing and printing the Bonds; (v) the costs of the printing of the Official Statement (and any amendment or supplement prepared pursuant to Section 5(e) hereof); and (vi) any fees charged by investment rating agencies for the rating of the Bonds. The Agency acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

(b) The Underwriters shall pay all expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds (all of which may be included as an expense component of the Underwriters’ discount), including but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the costs of printing the Blue Sky memorandum used by the Underwriters; (iii) all out of pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees of the CUSIP Service Bureau for the assignment of CUSIP numbers; and (iv) all other expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees and

disbursements of Underwriters' Counsel and the fees for a third-party continuing disclosure compliance review. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the City agrees to reimburse the Underwriters (by way of paying the expense component of the underwriting discount) for such fees.

Section 13. Notices. Any notice or other communication to be given to the Agency under this Purchase Contract may be given by delivering the same in writing to the Agency at the address set forth above and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to the Representative.

Section 14. Parties in Interest. This Purchase Contract is made solely for the benefit of the Agency and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue of this Purchase Contract. All of the representations and agreements of the Agency contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriters; (b) delivery of and payment for the Bonds, pursuant to this Purchase Contract; and (c) any termination of this Purchase Contract.

Section 15. Arm's Length Transaction. The Agency acknowledges that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length, commercial transaction between the Agency and the Underwriters, (ii) in connection with such transaction and the discussions, undertakings and procedures leading thereto, each Underwriter is acting solely as a principal and not as a municipal advisor, financial advisor, agent or fiduciary of the Agency and may have financial and other interests that differ from those of the Agency, irrespective of whether any Underwriter has provided other services or is currently providing other services to the Agency on other matters; and (iii) the Agency has consulted with its own legal and financial advisor in connection with the offering of the Bonds.

Section 16. Invalid or Unenforceable Provisions. In the event that any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 17. Counterparts. This Purchase Contract may be executed by facsimile transmission and in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 18. Governing Law; Venue. This Purchase Contract shall be governed by and interpreted under the laws of the State of California. Venue for all litigation and other disputes relative arising from or related to this Purchase Contract shall be in the City and County of San Francisco (the "City").

Section 19. City Contracting Requirements. The provisions for the City Contracting Requirements attached hereto as Exhibit A are hereby incorporated herein by reference as though fully set forth herein.

Section 20. Entire Agreement. This Purchase Contract is the sole agreement of the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written. This Purchase Contract may only be amended by a writing executed by the authorized representatives of the parties.

Section 21. Headings. The section headings in this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

Section 22. Effectiveness. This Purchase Contract shall become effective upon execution of the acceptance of this Purchase Contract by the Agency and shall be valid and enforceable as of the time of such acceptance.

[End of Bond Purchase Contract]

Very truly yours,

By RBC CAPITAL MARKETS, LLC, as
Representative of the Underwriters

By _____

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

By _____
Name and title

Time:

MTA Board of Directors
Resolution No. _____

ATTEST:

Secretary
Municipal Transportation Agency
Board of Directors

APPROVED AS TO FORM:

Dennis J. Herrera
City Attorney

By _____
Mark D. Blake
Deputy City Attorney

[Signature Page to Bond Purchase Contract]

EXHIBIT A
MATURITY SCHEDULE

\$ _____

| <u>Maturity Date</u> <u>(March 1)</u> | <u>Principal</u> <u>Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>Price</u> |
|--|-----------------------------------|----------------------|--------------|--------------|
|--|-----------------------------------|----------------------|--------------|--------------|

Redemption Provisions

Optional Redemption. The Bonds maturing on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on or after March 1, 20__ are subject to optional redemption prior to maturity on or after March 1, 20__ at the sole option of the Agency, as a whole or in part, on any date (from such maturities as are selected by the Agency and by lot within a maturity if less than all of the Bonds of such maturity are selected for redemption), from any source of available funds, at redemption prices equal to the principal amount thereof plus accrued but unpaid interest thereon to the date fixed for redemption.

[Mandatory Sinking Fund Redemption of the Term Bonds. The term Bonds maturing on March 1, 20__ are subject to redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereof, on March 1 in each of the years in the following amounts:

| <u>Maturity Date</u> <u>(March 1)</u> | <u>Principal</u> <u>Amount</u> |
|--|-----------------------------------|
|--|-----------------------------------|

* Final Maturity.]

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____

San Francisco Municipal Transportation Agency
\$ _____ Revenue Bonds, Series 2021C

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, RBC Capital Markets, LLC (“RBC Capital Markets”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. **Purchase Contract.** On _____, 2020 (the “Sale Date”), RBC Capital Markets, on behalf of itself, Goldman Sachs & Co. LLC and Siebert Williams Shank & Co., LLC (collectively, the “Underwriters”) and the Issuer, executed a Bond Purchase Contract (the “Purchase Contract”) in connection with the sale of the Bonds. RBC Capital Markets and the Issuer have not modified the Purchase Contract since its execution on the Sale Date.
2. **Price.**
 - (a) As of the date of this Certificate, for each [Maturity] [[of the General Rule Maturities] of the Bonds, the first price at which at least 10% of each such Maturity of the Bonds was sold to the Public (the “10% Test”) was the respective price for such Maturity listed in Schedule A attached hereto.
 - (b) [The Underwriters offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
 - (c) As set forth in the Purchase Contract, the Underwriters agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

- (d) [** With respect to each of the General Rule Maturities of the Bonds:
- (1) As of the date of this Certificate, the Underwriters have not sold at least 10% of the Bonds of these Maturities at any single price.
 - (2) As of the date of this Certificate, the Underwriters reasonably expect that the first sale to the Public of Bonds of these Maturities will be at or below the respective price or prices listed on the attached Schedule A as the “Reasonably Expected Sale Prices for Undersold Maturities.”
 - (3) The Underwriters have agreed to provide actual sales information (substantially similar to the information contained on Schedule B) as to the price at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.
 - (4) On the date the 10% Test is satisfied with respect to all Maturities of the Bonds, RBC Capital Markets will execute a supplemental certificate substantially in the form attached hereto as Schedule C with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

3. **Defined Terms.**

- (a) “*General Rule Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
- (b) “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (c) “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2021), or (ii) the date on which RBC Capital Markets has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (d) “*Issuer*” means the San Francisco Metropolitan Transportation Agency.
- (e) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (f) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

- (g) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).
4. **Arbitrage Yield.** We have calculated the arbitrage yield with respect to the Bonds to be ___% in accordance with the following instructions provided by Co-Bond Counsel; such calculation is attached in Schedule __. Co-Bond Counsel has advised that yield on the Bonds is the discount rate that, when used in computing the present value as of the issue date of all unconditionally payable payments of principal and interest on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of bonds of the issue as of the issue date. Co-Bond Counsel has advised that the issue price is determined based on the prices of each maturity of the Bonds listed in Schedule A. To the extent that we provided the Issuer and Co-Bond Counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Bonds, these computations are based on our understanding of directions that we have received from Co-Bond Counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Co-Bond Counsel.
5. **Credit Enhancement.**
- (a) The present value of the amount paid to obtain the Credit Enhancement (as defined in the Tax Certificate) is less than the present value of the interest reasonably expected to be saved as a result of having the Credit Enhancement, using the yield with respect to the Bonds as the discount factor for this purpose.
- (b) To the best knowledge of the undersigned, the amount paid by the Issuer to the Insurer (as defined in the Tax Certificate) for the Credit Enhancement is within a reasonable range of premiums charged for comparable credit enhancement for obligations comparable to the Bonds.
6. The representations set forth in this certificate are limited to factual matters only. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Nothing in this certificate represents RBC Capital Markets’ interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated _____, 2021 and with respect to compliance with the federal income tax rules affecting the

Bonds, and by Co-Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

RBC CAPITAL MARKETS, LLC

By: _____
Managing Director

Dated: _____, 2021

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

[Schedules to be updated at pricing in the event there are Hold-the-Offering-Price-Maturities]

Actual Sales Information as of Closing Date

| <u>Maturity/CUSIP</u> | <u>Coupon</u> | <u>Date Sold</u> | <u>Time Sold</u> | <u>Par Amount</u> | <u>Sale Price</u> |
|-----------------------|---------------|------------------|------------------|-------------------|-------------------|
|-----------------------|---------------|------------------|------------------|-------------------|-------------------|

[**Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date

| <u>Maturity/CUSIP</u> | <u>Coupon</u> | <u>Par Amount</u> | <u>Offering Prices</u> |
|-----------------------|---------------|-------------------|------------------------|
|-----------------------|---------------|-------------------|------------------------|

**]

[**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

Actual Sales for Undersold Maturities as of the Closing Date

| <u>Maturity/CUSIP</u> | <u>Date Sold</u> | <u>Time Sold</u> | <u>Par Amount</u> | <u>Sale Price</u> |
|------------------------------|-------------------------|-------------------------|------------------------------|--------------------------|
|------------------------------|-------------------------|-------------------------|------------------------------|--------------------------|

**]

[**SCHEDULE C
TO
ISSUE PRICE CERTIFICATE

SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF UNDERWRITER

\$ _____
San Francisco Municipal Transportation Agency
\$ _____ Revenue Bonds, Series 2021C

The undersigned, RBC Capital Markets, LLC (“RBC Capital Markets”), on behalf of itself, Goldman Sachs & Co. LLC and Siebert Williams Shank & Co., LLC (collectively, the “Underwriters”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Issue Price.

(a) The Underwriters sold at least 10% of the _____ Maturities of the Bonds to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the “10% Test”). With respect to each of the _____ Maturities of the Bonds, the Underwriters had not satisfied the 10% Test as of the Closing Date (the “Undersold Maturities”).

(b) As of the date of this Supplemental Certificate, the Underwriters have satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on Exhibit A attached hereto.

2. Defined Terms.

(a) “Issuer” means the San Francisco Metropolitan Transportation Agency.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Underwriter” means (1) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group

or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. The representations set forth in this certificate are limited to factual matters only. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Nothing in this certificate represents RBC Capital Markets' interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated _____, 2021 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Co-Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

RBC CAPITAL MARKETS, LLC

By: _____
Managing Director

Dated: _____, 2021

EXHIBIT A
TO
SUPPLEMENTAL ISSUE PRICE CERTIFICATE**]

EXHIBIT C

UNDERWRITER'S REPRESENTATIONS, COVENANTS AND AGREEMENTS AND CITY CONTRACTING REQUIREMENTS

Each underwriter shall comply with the following provisions of this Purchase Contract as if set forth in the text thereof. Capitalized terms used but not defined in this exhibit shall have the meanings given in the Purchase Contract.

1. Nondiscrimination; Penalties.

(a) *Non Discrimination in Contracts.* Each Underwriter shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Each Underwriter shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)- (k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. Each Underwriter is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2.* Each Underwriter does not as of the date of this Purchase Contract, and will not during the term of this Purchase Contract, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

(c) *Condition to Contract.* As a condition to the Purchase Contract, each Underwriter shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Purchase Contract. By entering into this Purchase Contract, each Underwriter confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

3. Tropical Hardwood and Virgin Redwood Ban. Under San Francisco Environment Code Section 804(b), the City urges each Underwriter not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require each Underwriter to remove from, City facilities personnel of such Underwriter who the City has reasonable grounds to believe has engaged in alcohol

abuse or illegal drug activity which in any way impairs the City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

5. Compliance with Americans with Disabilities Act. Each Underwriter shall provide the services specified in the Purchase Contract in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. Sunshine Ordinance. Each Underwriter acknowledges that this Purchase Contract and all records related to its formation, such Underwriter's performance of services provided under the Purchase Contract, and the City's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. Limitations on Contributions. By executing this Purchase Contract, each Underwriter acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (1) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (2) a candidate for that City elective office, or (3) a committee controlled by such elected official or a candidate for that office, at any time from the submission or a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of each Underwriter's board of directors; each Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10 percent in such Underwriter; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Underwriter. Each Underwriter certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for such contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

8. Requiring Minimum Compensation for Covered Employees. Each Underwriter shall pay covered employees no less than the minimum compensation

required by San Francisco Administrative Code Chapter 12P. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12P. By entering into this Purchase Contract, each Underwriter certifies that it is in compliance with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. Each Underwriter shall comply with San Francisco Administrative Code Chapter 12Q. Each Underwriter shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12Q.

10. Prohibition on Political Activity with City Funds. In performing the services provided under the Purchase Contract, each Underwriter shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Purchase Contract from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12G.

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Purchase Contract requires the City to disclose "Private Information" to an Underwriter within the meaning of San Francisco Administrative Code Chapter 12M, each Underwriter shall use such information consistent with the restrictions stated in Chapter 12M and in this Purchase Contract and only as necessary in performing the services provided under the Purchase Contract. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under the Purchase Contract, each Underwriter may have access to the City's proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to an Underwriter, such information must be held by such Underwriter in confidence and used only in performing the Purchase Contract. Each Underwriter shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

12. Consideration of Criminal History in Hiring and Employment Decisions. Each Underwriter agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code ("Chapter 12T"), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Purchase Contract. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of the Underwriters' obligations under Chapter 12T is set forth in this Section. Each Underwriter is required to comply with all of the applicable provisions of Chapter 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Purchase Contract shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to an Underwriter's operations to the extent those operations are in furtherance of the performance of this Purchase Contract, shall apply only to applicants and employees who would be or are performing work in furtherance of this Purchase Contract, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code §§ 21.35, including the enforcement and penalty provisions, is incorporated into this Purchase Contract. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

14. Conflict of Interest. By entering into the Purchase Contract, each Underwriter certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 et seq.), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Purchase Contract.

15. Assignment. The services provided under the Purchase Contract to be performed by each Underwriter are personal in character and neither this Purchase Contract nor any duties or obligations may be assigned or delegated by an Underwriter unless first approved by the City by written instrument executed and approved in the same manner as this Purchase Contract. Any purported assignment made in violation of this provision shall be null and void.

16. Food Service Waste Reduction Requirements. Each Underwriter shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. Cooperative Drafting. This Purchase Contract has been drafted through a cooperative effort of the City and the Underwriters, and all parties have had an opportunity to have the Purchase Contract reviewed and revised by legal counsel. No party shall be considered the drafter of this Purchase Contract, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Purchase Contract.

18. Sugar-Sweetened Beverage Prohibition. Each Underwriter agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Purchase Contract.

19. First Source Hiring Program. Each Underwriter must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Purchase Contract, and each Underwriter is subject to the enforcement and penalty provisions in Chapter 83.

20. Laws Incorporated by Reference. The full text of the laws listed in this Exhibit C, including enforcement and penalty provisions, are incorporated into this Purchase Contract by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Exhibit C are available at www.sfgov.org under "Open Gov."

21. Prevailing Wages. Services to be performed by the Underwriter under this Agreement may involve the performance of trade work covered by the provisions of Section 6.22(e) of the Administrative Code or Section 21C (collectively, "Covered Services"). The provisions of Section 6.22(e) and 21C of the Administrative Code are incorporated as provisions of this Agreement as if fully set forth herein and will apply to any Covered Services performed by each Underwriter.

EXHIBIT D

FORM OF CERTIFICATE OF THE AGENCY

The undersigned _____, _____ and _____, respectively, of the San Francisco Municipal Transportation Agency (the "Agency"), acting in their official capacities, hereby certify as follows in connection with the issuance of \$_____ aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021 [insert Series] (the "Bonds"):

1. The persons named below are now, and at all times from and after _____ 1, 2021, have been duly appointed and qualified officers of the Agency holding the offices of the Agency set forth opposite their respective names, and each of the undersigned certifies that the signature affixed following the other of the undersigned's name and office is the genuine signature of such person.

2. The representations of the Agency contained in the Bond Purchase Contract, dated _____, 2021 (the "Purchase Contract"), between [Representative], acting on its behalf and on behalf of [Underwriter[s]], as the underwriters of the Bonds, and the Agency, are true, complete and correct as of the date hereof as if made on the date hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands.

Dated: _____, 2021.

Name

Office

Signature

CONTINUING DISCLOSURE CERTIFICATE

\$ _____
 SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

| | | |
|--|---|--|
| \$ _____ Refunding Revenue Bonds, Series 2021A (Federally Taxable) | \$ _____ Refunding Revenue Bonds, Series 2021B (Tax-Exempt) | \$ _____ Revenue Bonds, Series 2021C Series 2021C (Tax-Exempt) |
|--|---|--|

February __, 2021

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the San Francisco Municipal Transportation Agency (the “SFMTA”) pursuant to Section 8A.102(b)(13) of the Charter, an Indenture of Trust, dated as of July 1, 2012 (as amended, the “Master Indenture”), between the SFMTA and U.S. Bank National Association (the “Trustee”), as successor in interest to The Bank of New York Mellon Trust Company, N.A., as trustee, a Sixth Supplement to Indenture of Trust, dated as of February 1, 2021, between the SFMTA and the Trustee (the “Sixth Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), Ordinance No. [_____] of the Board of Supervisors adopted on [_____] , 2021, Resolution No. [_____] of the Board of Supervisors adopted on [_____] , 2021 and signed by the Mayor on [_____] , 2021, and Resolution No. [_____] of the Board of Directors of the SFMTA (the “Board”) adopted on [December 15, 2020], in connection with the issuance of the above-captioned bonds (collectively, the “Bonds”). The SFMTA covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the SFMTA for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the SFMTA pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Beneficial Owner**” shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Dissemination Agent**” shall mean the SFMTA, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the SFMTA and which has filed with the SFMTA a written acceptance of such designation.

“**Financial Obligation**” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“**Holder**” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“**Participating Underwriters**” shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The SFMTA shall, or shall cause the Dissemination Agent to, not later than March 30 after the end of the SFMTA’s Fiscal Year (which is June 30), commencing with the report for Fiscal Year 2020-21 (which is due not later than March 30, 2022), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the SFMTA, the SFMTA shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that if the audited financial statements of the SFMTA are not available by the date required above for the filing of the Annual Report, the SFMTA shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the SFMTA’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) If the SFMTA is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the SFMTA shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the SFMTA), file a report with the SFMTA certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The SFMTA’s Annual Report shall contain or incorporate by reference the following information:

(a) the audited general purpose financial statements of the SFMTA prepared in accordance with generally accepted accounting principles applicable to governmental entities;

(b) an update of the information contained in the following tables in the Official Statement, dated _____, 2021:

1. TABLE 2 – HISTORIC FIXED ROUTE RIDERSHIP BY MODE;
2. TABLE 6 – SFMTA HISTORICAL OPERATING REVENUES AND EXPENSES;
3. TABLE 7 – PLEDGED REVENUES;
4. TABLE 9 – FARE REVENUE, RIDERSHIP AND AVERAGE FARES PER PASSENGER; and
5. TABLE 17 – SFMTA OPEB ALLOCATIONS AND CONTRIBUTIONS.

In addition, if the City and County of San Francisco is no longer obligated, pursuant to a continuing disclosure undertaking, to file its audited financial statements with the MSRB, the annual report shall indicate where City and County of San Francisco audited financial statements are available.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the SFMTA or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The SFMTA shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The SFMTA shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Holders, if material;
8. Unscheduled or contingent Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
14. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
15. Incurrence of a Financial Obligation of the SFMTA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the SFMTA, any of which affect Holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The SFMTA shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(c) Upon the occurrence of a Listed Event described in Section 5(a), including the occurrence of a Listed Event described in Sections 5(a)(2), (3) (4), (6), (7), (8), (10), (13), (14), (15) or (16) which the SFMTA determines would be material under applicable federal securities laws or reflects financial difficulties, the SFMTA shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(d) The SFMTA intends to comply with the Listed Events described in Section 5(a)(15) and (16), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The SFMTA’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The SFMTA may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the SFMTA may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney of the City and County of San Francisco (the “City Attorney”) or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the SFMTA shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on

the presentation) of financial information or operating data being presented by the SFMTA. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the SFMTA from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the SFMTA chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the SFMTA shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the SFMTA to comply with any provision of this Disclosure Certificate, any Participating Underwriters, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the SFMTA to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or State court located in the City and County of San Francisco, State of California. The sole remedy under this Disclosure Certificate in the event of any failure of the SFMTA to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the SFMTA, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of the date first set forth above.

SAN FRANCISCO MUNICIPAL TRANSPORTATION
AGENCY

By: _____
Director of Transportation

Approved as to Form:

DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT A

**FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: San Francisco Municipal Transportation Agency

Name of Issue: San Francisco Municipal Transportation Agency, Refunding Revenue Bonds, Series 2021A (Federally Taxable), San Francisco Municipal Transportation Agency, Refunding Revenue Bonds, Series 2021B (Tax-Exempt), and San Francisco Municipal Transportation Agency, Revenue Bonds, Series 2021C (Tax-Exempt)

Date of Issuance: _____, 2021

NOTICE IS HEREBY GIVEN that the SFMTA has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the San Francisco Municipal Transportation Agency, dated the Date of Issuance. The SFMTA anticipates that the Annual Report will be filed by _____.

Dated: _____

SAN FRANCISCO MUNICIPAL TRANSPORTATION
AGENCY

By: _____ [to be signed only if filed]
Title: _____

ESCROW AGREEMENT

by and between

SAN FRANCISCO METROPOLITAN TRANSPORTATION AGENCY

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of

_____ 1, 2021

relating to the

San Francisco Municipal Transportation Agency Revenue Bonds
Series 2012A and 2012B
Series 2013
Series 2014

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ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of ____ 1, 2021, is entered into by and between the San Francisco Municipal Transportation Agency (the “Agency”), an agency of the City and County of San Francisco (the “City”) duly constituted and established under Article VIII A of the Charter of the City, and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee and as escrow bank (the “Escrow Agent”).

WITNESSETH:

WHEREAS, the Escrow Agent, as trustee (the “Trustee”), and the Agency are parties to the Indenture of Trust dated as of July 1, 2012, as previously supplemented (the “Indenture”);

WHEREAS, the Agency has heretofore issued \$37,960,000 aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012A (the “Series 2012A Bonds”) and \$25,835,000 aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012B (the “Series 2012B Bonds,” and, collectively with the Series 2012A Bonds, the “Series 2012 Bonds”) pursuant to the First Supplement to Indenture of Trust dated as of July 1, 2012 (the “First Supplement”), between the Agency and the Trustee, of which \$_____ and \$_____, respectively, aggregate principal amount are currently Outstanding under the Indenture;

WHEREAS, the Agency has heretofore issued \$75,440,000 aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2013 (the “Series 2013 Bonds”) pursuant to the Second Supplement to Indenture of Trust dated as of December 1, 2013 (the “Second Supplement”), between the Agency and the Trustee, of which \$_____, aggregate principal amount is currently Outstanding under the Indenture;

WHEREAS, the Agency has heretofore issued \$70,605,000 aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2014 (the “Series 2014 Bonds” and, together with the Series 2012 Bonds and the Series 2013 Bonds, the Prior Bonds”) pursuant to the Second Supplement to Indenture of Trust dated as of December 1, 2014 (the “Third Supplement”), between the Agency and the Trustee, of which \$_____, aggregate principal amount is currently Outstanding under the Indenture;

WHEREAS, the Prior Bonds were issued to finance capital projects of the Agency and are secured by Pledged Revenues and other amounts pledged under the Indenture;

WHEREAS, Article X of the Indenture provides that any Bonds Outstanding may be discharged or defeased as provided therein;

WHEREAS, the Agency now intends to [redeem and] defease the Prior Bonds identified in Schedule I hereto (the “Refunded Bonds”) pursuant to the First Supplement, the Second Supplement, the Third Supplement, as applicable and Section 10.02 of the Indenture;

WHEREAS, in order to provide the funds necessary for such redemption and defeasance, the Agency has issued its San Francisco Municipal Transportation Agency Refunding Revenue Bonds, Series 2021A and Series 2021B (the “Refunding Bonds”), pursuant to the Indenture and the Fifth Supplement to Indenture of Trust dated as of ____ 1, 2021, (the “Fifth Supplement”), by and between the Agency and the Trustee; and

WHEREAS, a portion of the proceeds of the Refunding Bonds and certain other moneys will be deposited in the Escrow Fund created hereunder to finance the defeasance and refunding of the Refunded Bonds, and such proceeds and certain other moneys shall be in such amount and shall be invested so as to insure the full and timely payment of the Refunding Requirements (as hereinafter defined);

NOW, THEREFORE, in consideration of the mutual agreements herein contained, in order to secure the payment of the Refunding Requirements as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

Section 1. Definitions.

As used in this Escrow Agreement the following terms have the following meanings:

“Agency” means the San Francisco Municipal Transportation Agency.

“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder.

“Eligible Securities” means moneys, noncallable Governmental Obligations, noncallable Government Certificates or prerefunded municipal obligations described in paragraph (c) of the definition of Permitted Investments in Section 1.01 of the Indenture, or any combination thereof.

“Escrow Agent” means U.S. Bank National Association, or any successor thereto appointed under this Escrow Agreement.

“Escrow Fund” means the fund by that name created pursuant to Section 2 hereof.

“Escrowed Securities” means those certain Eligible Securities listed in Exhibit C to this Escrow Agreement.

“Fifth Supplement” means the Fifth Supplement to Indenture of Trust dated as of ____ 1, 2021, by and between the Agency and the Trustee.

“First Supplement” means the First Supplement to Indenture of Trust dated as of July 1, 2012, by and between the Agency and the Trustee, pursuant to which the Series 2012 Bonds were issued.

“Indenture” means the Indenture of Trust dated as of July 1, 2012, by and between the Agency and the Trustee.

“Independent Certified Public Accountant” an independent certified public accountant acceptable to the Trustee, as provided in the Indenture.

“Prior Bonds” means, collectively, the Series 2012 Bonds, the Series 2013 Bonds and the Series 2014 Bonds.

“Rating Agency” means, collectively, S&P Global Ratings and Moody’s Investors Service.

“Refunded Bonds” means the \$_____ aggregate principal amount of the outstanding Prior Bonds described in Schedule I hereto.

“Refunding Bonds” means the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021__ issued pursuant to the Indenture and the Fifth Supplement.

“Refunding Requirements” means all payments of principal and interest on the Refunded Bonds, to and including the redemption date of the Refunded Bonds, as such payments become due, as shown in Exhibit B to this Escrow Agreement.

“Second Supplement” means the Second Supplement to Indenture of Trust dated as of December 1, 2013, by and between the Agency and the Trustee, pursuant to which the Series 2013 Bonds were issued.

“State” means the State of California.

“Third Supplement” means the Third Supplement to Indenture of Trust dated as of December 1, 2014, by and between the Agency and the Trustee, pursuant to which the Series 2014 Bonds were issued

“Trustee” means U.S. Bank National Association, as successor trustee under the Indenture to The Bank of New York Mellon Trust Company, N.A., as trustee

All other capitalized terms used but not defined herein shall have the respective meanings given to such terms in the Indenture.

Section 2. Creation and Purpose of Escrow.

A. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated as the “San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012, Series 2013 and Series 2014 Escrow Fund” (the “Escrow Fund”).

B. On the date of issuance of the Refunding Bonds to the initial purchasers thereof, the Trustee, pursuant to the Indenture, will deposit with the Escrow Agent in escrow, to be held and accounted for in the Escrow Fund and paid out as provided in this Escrow Agreement and in the Indenture, the amounts set forth in Exhibit A hereto. Such moneys shall be sufficient

for the purchase of the Escrow Securities and shall be used by the Escrow Agent to purchase the Escrow Securities on such date and to fund the initial cash deposit to the Escrow Fund as set forth in Exhibit C hereto. The principal of and interest on the Escrow Securities and any uninvested cash held hereunder shall be applied by the Escrow Agent to the payment of the Refunding Requirements.

C. The Escrow Agent further agrees, except as provided in Sections 4 and 5 hereof, to hold the Escrowed Securities and the money (whether constituting the initial deposit in the Escrow Fund or investment income on the Escrowed Securities) in the Escrow Fund at all times as special trust funds separate and wholly segregated from all other securities, investments or money held by it and shall hold the Escrow Fund in trust for the purposes described herein. All securities and money in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Sections 4 and 5 hereof, to secure the payment of the Refunded Bonds, as provided herein; provided, that any money held in an Escrow Fund that is not used for the payment of the Refunded Bonds shall be repaid to the Agency free from the trust created by this Escrow Agreement.

D. The funds held in the Escrow Fund shall not be subject to withdrawal other than to satisfy the Refunding Requirements.

E. The Agency has determined, as verified by the report of [Verification Agent], dated [Report Date] (the “Verification Report”), that the Escrowed Securities are such that, if interest thereon and principal thereof are paid when due, the proceeds from the collection of such interest and principal, together with any uninvested cash held hereunder, will be sufficient to meet the Refunding Requirements.

F. The Escrow Agent shall hold all Escrowed Securities, whether acquired as initial investments, subsequent investments or reinvestments hereunder, and the money received from time to time as principal and interest thereon, in trust, for the payment of the Refunding Requirements and shall collect the principal of and interest on the Escrowed Securities held by it hereunder promptly as such principal and interest become due.

G. The Agency intends that the Refunded Bonds be defeased as set forth in Section 10.02 of the Indenture.

Section 3. Notice and Request from the Agency; Receipt of Opinions; Irrevocable Instructions to Mail Notices.

A. The Escrow Agent, as Trustee, is hereby irrevocably instructed to mail, as soon as practicable, one or more notices of the defeasance of the Refunded Bonds in the form attached hereto as Exhibit D, and to provide such notice to the Agency for filing on the Electronic Municipal Market Access (“EMMA”) System of the Municipal Securities Rulemaking Board, in compliance with the Agency’s continuing disclosure requirements.

B. The Escrow Agent, as Trustee, is hereby further irrevocably instructed to give notice of the redemption of the Refunded Bonds subject to redemption on the redemption dates at the redemption prices thereof at the time and in the manner provided in Section 3.03 of the Indenture, and to provide such notice to the Agency for filing on EMMA in compliance with the Agency’s continuing disclosure requirements.

C. The Escrow Agent will not be responsible for determining the accuracy of any information supplied to it by any person pursuant to the procedures outlined herein.

Section 4. Accounting for Escrow; Substitutions.

A. The moneys and the Escrowed Securities from time to time accounted for in the Escrow Fund shall not be subject to withdrawal by the Agency nor otherwise subject to its order except as otherwise provided in Sections 2 and 8 hereof.

B. The Agency may from time to time direct the Escrow Agent to sell, exchange or substitute Escrowed Securities; provided that there shall be no sale, exchange or substitution of the Escrowed Securities, unless the following are received: (i) the written direction of the Agency, (ii) receipt by the Agency and the Escrow Agent of a new verification report, prepared by an Independent Certified Public Accountant, verifying the sufficiency of the escrow to pay all current interest when due on the outstanding Refunded Bonds in full to and including their respective redemption dates or maturity dates and to pay when due all principal on the Refunded Bonds in full on their respective redemption dates or maturity dates (taking into account the cancellation of Refunded Bonds purchased by the Agency for cancellation, including Refunded Bonds placed in escrow with the Trustee for purchase from the proceeds of the sale of Escrowed Securities), and (iii) receipt of an opinion of nationally recognized bond counsel addressed to the Agency and the Trustee that such investment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds and that the Refunded Bonds are not “Outstanding” under the Indenture.

Section 5. Investments and Reinvestments.

The Escrow Agent shall have no other obligation by virtue of this Escrow Agreement, general trust law or otherwise, to make any investment or reinvestment of any moneys in escrow at any time except as expressly directed by the Agency and upon receipt, but only in case of such Agency direction, of (i) the written direction of the Agency, (ii) receipt by the Agency and the Escrow Agent of a new verification report, prepared by an Independent Certified Public Accountant, verifying the sufficiency of the escrow to pay all current interest when due on the outstanding Refunded Bonds in full to and including their respective redemption dates or maturity dates and to pay when due all principal on the Refunded Bonds in full on their respective redemption dates or maturity dates (taking into account the cancellation of Refunded Bonds purchased by the Agency for cancellation, including Refunded Bonds placed in escrow with the Trustee for purchase from the proceeds of the sale of Escrowed Securities), and (iii) receipt of an opinion of nationally recognized bond counsel that such investment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds.

Section 6. Sufficiency of Escrow.

Moneys deposited in the Escrow Fund, including the investment earnings thereon and any uninvested cash, shall be in an amount, as determined by the Agency, which at all times shall be sufficient to meet the Refunding Requirements not theretofore met.

Section 7. Transfers for Payment of Refunded Bonds.

The Escrow Agent shall from time to time, to the extent of moneys in the Escrow Fund, pay the Refunding Requirements when due, as provided herein and in the Indenture.

Section 8. Termination of Escrow Agreement; Written Request of Agency.

When the Escrow Agent shall have transferred, pursuant to Section 7 hereof, such moneys as are required to pay in full and discharge all of the Refunded Bonds, the Escrow Agent, after payment of all fees and expenses of the Escrow Agent, shall pay over to the Agency or its order the moneys, if any, then remaining in the Escrow Fund and this Escrow Agreement shall terminate. The Trustee shall pay to the Agency any and all unclaimed moneys subject to the provisions of Section 10.03 of the Indenture and this shall constitute the Written Request of the Agency for such purpose.

Section 9. Fees and Costs.

A. The Escrow Agent's fees, expenses and reimbursement for costs incurred for and in carrying out the provisions of this Escrow Agreement have been fixed by separate agreement. The Escrow Agent shall also be entitled to additional fees, expenses and reimbursement for costs incurred, including but not limited to, legal and accounting services in connection with any litigation or other proceedings which may at any time be instituted involving this Escrow Agreement not due to the negligence or willful misconduct of the Escrow Agent. Under no circumstances shall any fees, expenses or reimbursement of costs of the Escrow Agent or any other party (including without limitation, the cost of any required Verification Report) be paid out of amounts held in the Escrow Fund.

B. Payments to the Escrow Agent pursuant to this Section 9 shall not be for deposit in the Escrow Fund, and the fees of and the costs incurred by the Escrow Agent shall not be a charge on and in no event shall be deducted from the Escrow Fund.

Section 10. Character of Deposit.

A. It is recognized that title to the Escrowed Securities and moneys accounted for in the Escrow Fund from time to time shall be subject always to the prior trust, charge and lien thereon of this Escrow Agreement in favor of the owners of the Refunded Bonds and the use thereof shall be required to be made by the provisions hereof.

B. The Escrow Agent shall hold all such securities and moneys in the Escrow Fund as special trust funds separate and wholly segregated from all other securities and funds of the Escrow Agent, and shall never commingle such securities or moneys with other securities or moneys.

C. No money paid into and accounted for in the Escrow Fund shall ever be considered as a banking deposit and the Escrow Agent shall have no right or title with respect thereto except in its capacity as Escrow Agent hereunder.

Section 11. Exculpatory Provisions.

A. The duties and responsibilities of the Escrow Agent are limited to those expressly and specifically stated in this Escrow Agreement.

B. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this Escrow Agreement and made in compliance with the provisions hereof. The Escrow Agent shall not be liable or responsible for the accuracy of any calculations or the sufficiency of any Escrowed Securities, the Escrow Fund or any moneys held by it to meet the Refunding Requirements.

C. No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own negligent failure to act or its own willful misconduct.

D. The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Agency of any of its obligations, nor shall it be responsible in any manner for the recitals or statements contained herein or in the Refunded Bonds or any proceedings taken in connection therewith, such recitals and statements being made solely by the Agency. The Escrow Agent may conclusively rely on any opinion, written request, certificate, written direction or report, including that of the Agency, any certified public accountant, municipal advisor or investment bank delivered to it and received in good faith in connection with the transactions contemplated hereby.

E. Nothing in this agreement shall be construed to create any obligations or liabilities on the part of the Escrow Agent to anyone other than the Agency or the holders of the Refunded Bonds.

F. The Escrow Agent may at any time resign by giving thirty (30) days written notice to the Agency of such resignation. The Agency shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the Agency does not appoint a successor within thirty (30) days of the Escrow Agent's giving notice of resignation, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the Agency may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the Agency appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the Agency shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

G. The Agency, to the extent permitted by law, agrees to indemnify the Escrow Agent, its agents, directors and its officers or employees for and hold the Escrow Agent, its agents, officers, directors or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent at any time by reason of the performance of its duties as Escrow Agent hereunder,

in any transaction arising out of this Escrow Agreement, or the Indenture or any of the transactions contemplated herein or in the Indenture, unless due to the Escrow Agent's or its officers' or agents' or directors' or employees' negligence or willful misconduct. Such indemnity shall survive the termination of this Escrow Agreement or the removal or resignation of the Escrow Agent.

H. The Escrow Agent may consult with counsel, who may be counsel of or to the Agency, with regard to legal questions and the opinion of such counsel shall be full and complete authorization in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

I. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

J. The Escrow Agent's rights to indemnification hereunder shall survive its resignation or removal and the termination of this Escrow Agreement.

K. No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

L. The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special indirect or consequential damages.

M. The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means; provided, however, that the Agency shall provide to the Escrow Agent an incumbency certificate listing officers with the Agency to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Escrow Agent may not be able to determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Agency. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with

a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

N. If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Securities that is to be submitted pursuant to this Escrow Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the Agency with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Agency. In the absence of investment instructions from the Agency, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Agency's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

O. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

P. The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Agency periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

Section 12. Time of Essence.

Time shall be of the essence in the performance of the obligations from time to time imposed upon the Escrow Agent by this Escrow Agreement.

Section 13. Amendments.

This Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the Agency and the Escrow Agent (i) a written opinion of nationally recognized bond counsel stating that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds,

and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Refunded Bonds, as evidenced by a written opinion of nationally recognized bond counsel, the written consent of all the owners of the Refunded Bonds then outstanding.

Section 14. Successors.

A. Whenever herein the Agency or the Escrow Agent is named or is referred to, such provision shall be deemed to include any successor of the Agency or the Escrow Agent, respectively, immediate or intermediate, whether so expressed or not.

B. All of the stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the Agency or the Escrow Agent contained herein:

1) Shall bind and inure to the benefit of any such successor; and

2) Shall bind and shall inure to the benefit of any officer, board, agency, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Agency or the Escrow Agent, respectively, or of its successor.

Section 15. Notices.

All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail to the following addresses or to such other address as the recipient thereof shall request in writing to the other party hereto:

If to the Agency: San Francisco Metropolitan Transportation Agency
1 South Van Ness, 7th Floor
San Francisco, California 94103
Attention: Leo Levenson, Director of Finance
Telephone: (415) 646-2355

If to the Escrow Agent: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Andrew Fung, Corporate Trust Services
Telephone: (415) 677-3593

Section 16. Severability.

If any section, paragraph, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 17. [City Contracting Requirements. Are these needed in this Agreement?]

Section 18. Law Governing.

This Escrow Agreement is made in the State of California and is to be construed under the Constitution and laws of such State.

Section 19. Counterparts.

This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the San Francisco Metropolitan Transportation Agency has caused this Escrow Agreement to be signed in its name by its duly authorized officer, and U.S. Bank National Association has caused this Escrow Agreement to be signed in its name by its duly authorized officer, all as of the day and year first above written.

SAN FRANCISCO METROPOLITAN
TRANSPORTATION AGENCY

By: _____
Jeffery Tumlin
Director of Transportation

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent

By: _____
Authorized Officer

SCHEDULE I
REFUNDED BONDS

[To Come]

EXHIBIT A

SUMMARY OF ESCROW DEPOSITS

1. \$_____ from proceeds of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021A (Federally Taxable)
2. \$_____ from proceeds of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021B (Tax-Exempt)

EXHIBIT B

REFUNDING REQUIREMENTS

[To Come]

EXHIBIT C

ESCROWED SECURITIES

[To Come]

EXHIBIT D

FORM OF NOTICE OF DEFEASANCE

San Francisco Municipal Transportation Agency Revenue Bonds, Series 20__

| | | | |
|----------------------|------------------|---------------|-------------------------------|
| Maturity (____ 1) | Principal Amount | Interest Rate | CUSIP ¹ (_____) |
|----------------------|------------------|---------------|-------------------------------|

NOTICE IS HEREBY GIVEN that the San Francisco Municipal Transportation Agency (the “Agency”) has on [Closing Date], from the proceeds of its bonds and other moneys, irrevocably set aside in an Escrow Fund created for such purpose and held by U.S. Bank National Association (the “Escrow Agent”), moneys which the Agency has determined, when added to the investment earnings therefrom, shall be sufficient to pay the principal of and interest on the outstanding bonds referenced above (the “Bonds”), as such payments become due up to and including the date of ____ 1, 20__ and to pay on ____1, 20__ (the “Redemption Date”) the redemption price at par of Bonds maturing after such date.

The moneys so deposited in escrow (including the earnings derived from the investment thereof) are irrevocably pledged to the payment of principal and interest on the Bonds. Said moneys have been invested in certain federal securities pursuant to the Indenture of Trust, dated as of July 1, 2012, as supplemented (the “Indenture”), by and between the Agency and U.S. Bank National Association, as successor trustee, and which bear interest and mature on such dates as to insure the payment of the principal and interest on the Bonds as such becomes due and to pay on the Redemption Date the redemption price of Bonds maturing after such date.

As a consequence of the foregoing actions and in accordance with the Indenture providing for the Bonds, each of the agreements, covenants and other obligations of the Agency under the Indenture have ceased, terminated and become void, and are discharged and satisfied. Additional information regarding the foregoing actions may be obtained from the Agency.

Dated: [Closing Date]

U.S. BANK NATIONAL ASSOCIATION, as
Trustee and Escrow Agent

¹ Copyright © 2021 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP data are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence, and are provided for convenience of reference only. The Trustee/Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond.

December 31, 2020

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

GOOD FAITH ESTIMATES

For purposes of compliance with Section 5852.1 of the California Government Code, the following information are good faith estimates provided by the San Francisco Municipal Transportation Agency Municipal Advisor, Backstrom McCarley Berry & Co.

1. True interest cost of the Bonds: 3.41%
2. Finance charge for the Bonds, including all fees and charges for third parties (including underwriter's compensation, municipal advisory fees, co-bond counsel fees, disclosure counsel fees, trustee and escrow agent fees, rating agency fees, and other payments to third parties): \$1,411,100.
3. Amount of Revenue Bond new money proceeds expected to be received by the Agency, net of payments identified in 2 above and any reserve fund funded with proceeds of the Revenue Bonds: \$300,000,000.
4. Total payment amount for the Revenue Bonds, being the sum of (a) debt service on the Revenue Bonds to final maturity, and (b) any financing costs not paid from proceeds of the Refunding Revenue Bonds: \$614,454,500 .

The information set forth above is based up estimates of prevailing market conditions as of December 3, 2020. Actual results may differ if assumed market conditions change at the time of pricing, expected to be in mid-March 2021.

SIXTH SUPPLEMENT TO INDENTURE OF TRUST

by and between the

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of _____ 1, 2021

relating to

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
REVENUE BONDS, SERIES 2021C**

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SIXTH SUPPLEMENT TO INDENTURE OF TRUST

This SIXTH SUPPLEMENT TO INDENTURE OF TRUST, dated as of _____ 1, 2021 (the "Sixth Supplemental Indenture"), by and between the SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY (the "SFMTA"), duly constituted and established under Sections 8A.100 et seq. of the Charter of the City and County of San Francisco and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized under the laws of the United States of America, as successor trustee to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the SFMTA is an agency of the City and County of San Francisco (the "City") and is governed by its Board of Directors (the "SFMTA Board"); and

WHEREAS, under Sections 8A.100, 8A.101 and 8A.102 of the Charter of the City and County of San Francisco (the "Charter"), the SFMTA is charged with managing the City's transportation system (the "Transportation System"), which includes the Municipal Railway, the former Department of Parking and Traffic and other transportation functions;

WHEREAS, under Section 8A.102 of the Charter and Ordinance No. 57-12 adopted by the Board of Supervisors of the City (the "City Board") on April 17, 2012 and signed by Mayor Edwin M. Lee on April 19, 2012, and codified as Chapter 43, Article XIII, Sections 43.13.1 through 43.13.8 of the San Francisco Administrative Code (the "Act"), the SFMTA has the authority to issue transportation revenue bonds for the purpose of acquiring, constructing, improving or developing facilities and equipment under its jurisdiction, and transportation revenue refunding bonds under such terms and conditions as the SFMTA may authorize by resolution, with the concurrence of the City Board; and

WHEREAS, the SFMTA has authorized a series of bonds to be designated as "Revenue Bonds, Series 2021C" (the "Series 2021C Bonds") pursuant to Resolution No. _____ of the SFMTA, adopted on _____, 2021, (the "SFMTA Board Resolution") and the City Board has approved the Series 2021 Refunding Bonds pursuant to Resolution No. _____, adopted on _____, 2021 and signed by Mayor London N. Breed on _____, 2021 (the "City Resolution"); and

WHEREAS, the SFMTA has entered into an Indenture of Trust, dated as of July 1, 2012 (the "Master Indenture"), by and between the SFMTA and the predecessor trustee to the Trustee, which provides for the security and issuance of one or more series of transportation revenue bonds (the "Bonds"); and

WHEREAS, the SFMTA entered into a First Supplement to Indenture of Trust dated as of July 1, 2012 ("First Supplemental Indenture") in order to provide for the terms of the \$37,960,000 Revenue Bonds, Series 2012A and the \$25,835,000 Revenue Bonds, Series 2012B (collectively, the "Series 2012 Bonds"); and

WHEREAS, the SFMTA entered into a Second Supplement to Indenture of Trust dated as of December 1, 2013 ("Second Supplemental Indenture") in order to provide

for the terms of the \$75,440,000 Revenue Bonds, Series 2013 (the "Series 2013 Bonds"); and

WHEREAS, the SFMTA entered into a Third Supplement to Indenture of Trust dated as of December 1, 2014 ("Third Supplemental Indenture") in order to provide for the terms of the \$70,605,000 Revenue Bonds, Series 2014 (the "Series 2014 Bonds"); and

WHEREAS, the SFMTA entered into a Fourth Supplement to Indenture of Trust dated as of June 1, 2017 ("Fourth Supplemental Indenture") in order to provide for the terms of the \$117,830,000 Revenue Bonds, Series 2017 (the "Series 2017 Bonds"); and

WHEREAS, the SFMTA entered into a Fifth Supplement to Indenture of Trust dated as of _____ 1, 2021 ("Fifth Supplemental Indenture") in order to provide for the terms of the \$_____ Refunding Revenue Bonds, Series 2021A (Federally Taxable) and the \$_____ Refunding Revenue Bonds, Series 2021B (Tax-Exempt) (collectively, the "Series 2021 Refunding Bonds");

WHEREAS, the SFMTA is entering into this Sixth Supplemental Indenture in order to provide for the terms of the Series 2021C Bonds which will be issued under and in accordance with the Charter and the Act and pursuant to the terms and conditions set forth in the Master Indenture and herein for the purpose of financing the Series 2021C Projects.

NOW, THEREFORE, THIS SIXTH SUPPLEMENTAL INDENTURE WITNESSETH that in order to secure the payment of the Principal Amount of, premium, if any, and the interest on the Series 2021C Bonds delivered under the Master Indenture and hereunder and to secure the performance of the terms, conditions, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and covenants herein contained and of the purchase and acceptance of the Series 2021C Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the SFMTA does hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Series 2021C Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The capitalized terms used in this Sixth Supplemental Indenture shall have the meanings assigned to such terms in the Master Indenture, unless otherwise defined below or elsewhere in this Sixth Supplemental Indenture or unless a different meaning clearly applies from the context in which such term is used herein:

"Depository" shall mean (a) initially, DTC, and (b) any other securities depository acting as Depository pursuant to Section 2.06 hereof.

"Depository System Participant" shall mean any participant in the Depository's book-entry system.

"DTC" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"First Supplemental Indenture" shall mean the First Supplement to Indenture of Trust, dated as of July 1, 2012, by and between the SFMTA and the Trustee.

"Fifth Supplemental Indenture" shall mean the Fifth Supplement to Indenture of Trust, dated as of _____ 1, 2021, by and between the SFMTA and the Trustee.

"Fourth Supplemental Indenture" shall mean the Fourth Supplement to Indenture of Trust, dated as of June 1, 2017, by and between the SFMTA and the Trustee.

"Master Indenture" shall mean the Indenture of Trust, dated as of July 1, 2012, by and between the SFMTA and the Trustee.

"Nominee" shall mean "CEDE & CO." or any successor nominee designated by the Depository pursuant to the terms of the Indenture.

"Second Supplemental Indenture" shall mean the Second Supplement to Indenture of Trust, dated as of December 1, 2013, by and between the SFMTA and the Trustee.

"Series 2012 Bonds" shall mean the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012A and the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012B.

"Series 2013 Bonds" shall mean the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2013A.

"Series 2014 Bonds" shall mean the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2014.

"Series 2017 Bonds" shall mean the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2017.

"Series 2021C Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed by an Authorized SFMTA Representative, dated the closing date of the Series 2021 Bonds, as originally executed and as each may be amended from time to time.

"Series 2021C Debt Service Account" means the account by that name within the Debt Service Fund created pursuant to Section 3.02 hereof.

"Series 2021C Delivery Costs Account" shall mean the account by that name established pursuant to Section 2.06(a) hereof.

"Series 2021C Interest Payment Date" shall mean March 1 and September 1 of each year, commencing September 1, 2021.

"Series 2021C Payment Date" means each Series 2021C Interest Payment Date and Series 2021 Principal Payment Date.

"Series 2021C Principal Payment Date" shall mean March 1 of each year, commencing March 1, 2022.

"Series 2021C Project Costs Account" shall mean that account by that name established pursuant to Section 2.05(b) hereof.

"Series 2021C Projects" shall mean the costs of certain transportation projects including, but not limited to the following SFMTA capital improvement programs: [TO COME].

"Series 2021C Record Date" shall mean the close of business on the fifteenth day of the month preceding each Series 2021 Interest Payment Date, whether or not such fifteenth day is a Business Day.

["Series 2021C Reserve Account" shall mean the Series 2021 Reserve Account in the Reserve Fund established pursuant to Section 3.03 hereof.]

["Series 2021C Reserve Requirement" shall mean, as of any date of calculation, the least of (i) an amount equal to Maximum Annual Debt Service with respect to the Series 2021X Bonds, (ii) 125% of average annual debt service on the Series 2021X Bonds, or (iii) 10% of the Outstanding Principal Amount of Series 2021X Bonds. A future Series of Bonds may be designated in a Supplemental Indenture to benefit from and participate in the Series 2021C Reserve Account. In such event, the foregoing definition shall be applicable to such Series of Bonds but shall be revised in such Supplemental Indenture to take into account such Series of Bonds and the requirements of the Code.]

"Series 2021 Refunding Bonds" shall mean the San Francisco Municipal Transportation Agency Refunding Revenue Bonds, Series 2021.

"Third Supplemental Indenture" shall mean the Third Supplement to Indenture of Trust, dated as of December 1, 2014, by and between the SFMTA and the Trustee.

ARTICLE II

TERMS OF SERIES 2021 BONDS

Section 2.01. Authorization and Purpose of Series 2021C Bonds. The SFMTA hereby authorizes the issuance of the Series 2021C Bonds for the purpose of providing moneys [for Agency purposes]. The parties hereto hereby acknowledge and agree that the Series 2021 Bonds constitute "Bonds" as defined in the Master Indenture and that the Series 2021 Bonds are secured on a parity with the [Series 2012 Bonds, the Series 2013 Bonds, the Series 2014 Bonds,] the 2017 Bonds, and the Series 2021 Refunding Bonds and any additional Series of Bonds which may hereafter be issued under the Indenture.

Section 2.02. Terms of the Series 2021 Bonds.

(a) General. The Series 2021C Bonds authorized to be issued by the SFMTA under and subject to the terms of the Indenture and the Act shall be designated as the "San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021C." The Series 2021C Bonds shall be issued in the aggregate principal amount of _____ Dollars (\$_____). The Series 2021C Bonds shall be dated _____, 2021, shall bear interest at the rates set forth herein (calculated on the basis of a 360 day year comprised of twelve 30 day months), shall be issued as fully registered bonds in authorized denominations of \$5,000 or any integral multiple thereof, shall be numbered in such manner as the Trustee may deem appropriate so long as each Series 2021C Bond receives a distinctive number and shall mature, subject to the right of prior redemption in whole or in part, as described herein, and become payable in the amounts and on the dates as provided herein.

(b) Maturity Schedule of Series 2021C Bonds. The Series 2021C Bonds shall bear interest at the rates per annum, payable on each Series 2021C Interest Payment Date, and be payable as to principal on each Series 2021C Principal Payment Date in each of the years and in the amounts indicated as follows:

Series 2021C Bonds

| <u>Year (March 1)</u> | <u>Principal</u> | <u>Interest Rate</u> % |
|-----------------------|------------------|---------------------------|
|-----------------------|------------------|---------------------------|

(c) Payment of Series 2021C Bonds. The Series 2021C Bonds shall bear interest from the Series 2021C Interest Payment Date immediately preceding the date of authentication thereof unless (i) the date of authentication thereof is prior to the first regular Series 2021C Record Date in which event from the dated date of such Series 2021C Bond, or (ii) the date of authentication thereof is a Series 2021C Interest Payment Date, in which event from that Series 2021C Interest Payment Date, or (iii) the date of authentication thereof is after a regular Series 2021C Record Date but before the following Series 2021C Interest Payment Date, in which event it shall bear interest from such Series 2021C Interest Payment Date.

Payment of interest on the Series 2021C Bonds which are not book-entry bonds shall be paid by check or draft mailed by the Trustee on the Series 2021C Interest Payment Date via first class mail to the Holders at their addresses shown on the registration books of the Trustee as of the close of business on the Series 2021C Record Date with respect to such Series 2021C Interest Payment Date; provided that payment of interest may

be paid by federal wire transfer to an account in the United States designated by any Holder of Series 2021C Bonds in the aggregate principal amount of \$1,000,000 or more, upon provision of a written notice received by the Trustee prior to the applicable Series 2021C Record Date. Any such written notice shall remain in effect until terminated or changed by subsequent written notice of the Holder. The payment of interest and principal on book-entry bonds shall be made as provided in Section 2.07 hereof and the Representation Letter.

Interest shall be paid notwithstanding the cancellation of any Series 2021C Bonds upon any exchange or registration of transfer thereof subsequent to the Series 2021C Record Date and prior to such Series 2021C Interest Payment Date.

For Series 2021C Bonds that are not book-entry bonds, the Principal Amount of and redemption premiums, if any, on the Series 2021C Bonds and payments of interest due at maturity or earlier redemption of the Series 2021C Bonds, shall be payable upon the surrender thereof at the Corporate Trust Office of the Trustee. The Principal Amount of and redemption premiums, if any, and interest on the Series 2021C Bonds shall be paid in lawful money of the United States of America.

(d) Limitations on Transfer and Exchange of Series 2021C Bonds. The SFMTA and the Trustee shall not be required to issue, register the transfer of, or exchange (i) any Series 2021 Bond during the period beginning on the fifteenth day of the month preceding each Series 2021C Interest Payment Date and ending on such Series 2021C Interest Payment Date, during the fifteen (15) days preceding the selection of Series 2021C Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed, on any redemption date, or (ii) any Series 2021C Bond selected for redemption.

(e) Redemption of the Series 2021C Bonds.

(i) *Optional Redemption of Series 2021C Bonds.* The Series 2021C Bonds scheduled to mature on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Series 2021C Bonds maturing on or after March 1, 20__ shall be subject to redemption at the option of the SFMTA, as a whole or in part among such maturities (and by lot within any one maturity) as designated by an Authorized SFMTA Representative prior to their respective maturity dates, on any date on or after March 1, 20__, from funds derived by the SFMTA from any legally available source, at a redemption price equal to 100% of the principal amount of the Series 2021C Bonds called for redemption, together with interest accrued thereon to the date of redemption.

If some but not all of the Series 2021C Bonds have been redeemed pursuant to this subsection 2.02(d), the total amount of all sinking account payments shall be reduced by the aggregate principal amount of Series 2021C Bonds so redeemed to be allocated among such Sinking Account payments as determined by SFMTA (notice of which determination shall be given by SFMTA to the Trustee).

(ii) *Mandatory Sinking Fund Payments for Series 2021C Bonds.* The Series 2021C Bonds maturing on March 1, 20__ (the "Series 2021C 20__ Term Bonds") shall also be subject to mandatory redemption in part by lot prior to their maturity date, on

March 1, commencing March 1, 20__ solely from money which has been deposited into the Series 2021 Principal Account in amounts and upon the dates hereby established for such Series 2021C 20__ Term Bonds, as follows:

Series 2021C 20__ Term Bonds Maturing on March 1, 20__

Year (March 1)

Mandatory Sinking Fund Payments

* Maturity.

Section 2.03. Forms of Series 2021C Bonds. The Series 2021C Bonds and the forms of authentication and registration endorsement and the assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A, with necessary or appropriate variations, omission and insertions as permitted or required by the Indenture.

Section 2.04. Application of Proceeds of Sale of the Series 2021C Bonds.

(a) Upon receipt of payment of the purchase price for the Series 2021C Bonds from the original purchasers thereof in the amount of \$_____ (representing \$_____ principal amount, plus net original issue premium in the amount of \$_____ and less an Underwriter's discount in the amount of \$_____) from the original purchasers thereof the Trustee shall set aside and deposit such amount as follows:

(1) The Trustee shall deposit in the Series 2021C Project Costs Account the sum equal to \$_____.

(2) The Trustee shall deposit in the Series 2021C Reserve Account the sum equal to \$_____, which is equal to the initial Series 2021C Reserve Requirement with respect to the Series 2021C Bonds;

(3) The Trustee shall deposit in the Series 2021C Delivery Costs Account established pursuant to Section 2.05(a) hereof such moneys be used to pay Delivery Costs with respect to the Series 2021C Bonds as directed by a certificate of an Authorized SFMTA Representative.

Section 2.05. Establishment of Series 2021 Delivery Costs Account, and Series 2021C Proceeds Account.

(a) Series 2021C Delivery Costs Account. The Trustee shall establish a Series 2021C Delivery Costs Account for the deposit and retention of a portion of the Series 2021C Bond proceeds held pending disbursement thereof. The Trustee shall disburse amounts in the Series 2021C Delivery Costs Account upon receipt from an Authorized SFMTA Representative of a requisition setting out the payee, the amount of such disbursement and the purpose of such disbursement, including a statement that said

disbursement was incurred for Delivery Costs. Upon the earlier of 180 days after initial delivery of the Series 2021C Bonds or receipt by the Trustee of a certificate of Authorized SFMTA Representative that all Delivery Costs with respect to Series 2021C Bonds have been paid, the Trustee shall transfer remaining amounts in the Series 2021C Delivery Costs Account to the Series 2021C Interest Account.

The Trustee shall have no duty or liability to monitor the application of any moneys disbursed hereunder. The Trustee shall be absolutely protected in making any disbursement from the Series 2021 Delivery Costs Account in reliance upon a requisition of Authorized SFMTA Representative. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(b) Series 2021C Project Costs Account. The Trustee shall establish a Series 2021C Project Costs Account for the deposit and retention of a portion of the Series 2021C Bond proceeds held pending disbursement thereof. The Trustee shall disburse amounts in the Series 2021C Project Costs Account for costs of the Series 2021C Projects as provided in the Tax Certificate for the Series 2021C Bonds and pursuant to a requisition submitted by the SFMTA to the Trustee and shall retain records reflecting the date and use of each disbursement. Amounts on deposit in the Series 2021C Proceeds Account may be used for Delivery Costs and for such Agency purposes as comply with applicable law and the Tax Certificate. Earnings on the Series 2021C Proceeds Account may be transferred by the SFMTA to the Series 2021C Debt Service Account.

Section 2.06. Book-Entry Provisions.

(a) Original Delivery. The SFMTA may provide prior to the date of delivery of the Series 2021C Bonds, that the Series 2021C Bonds may be initially delivered in book-entry form pursuant to this Section 2.07.

The Series 2021C Bonds initially delivered in book-entry form shall be initially delivered in the form of a separate single fully registered Series 2021C Bond without coupons (which may be typewritten) for each maturity of the Series 2021C Bonds. Upon initial delivery, the ownership of each such Series 2021C Bond shall be registered by the Trustee in the name of the Nominee. Except as provided in subsection (c) below, the ownership of all such Outstanding Series 2021C Bonds shall be registered in the name of the Nominee on the registration books of the Registrar.

With respect to Series 2021C Bonds the ownership of which shall be registered in the name of the Nominee, the SFMTA and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the SFMTA holds an interest in the Series 2021C Bonds. Without limiting the generality of the immediately preceding sentence, the SFMTA and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2021C Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2021C Bondholder as shown in the Registration Books, of any notice with respect to the Series 2021C Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the

Series 2021C Bonds to be redeemed in the event the SFMTA elects to redeem the Series 2021C Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Series 2021C Bondholder as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Series 2021C Bonds or (v) any consent given or other action taken by the Depository as Holder of the Series 2021C Bonds. The SFMTA and the Trustee may treat and consider the person in whose name each Series 2021C Bond is registered as the absolute owner of such Series 2021C Bond for the purpose of payment of principal, premium and interest on such Series 2021C Bond, for the purpose of giving notices of prepayment and other matters with respect to such Series 2021C Bond, for the purpose of registering transfers of ownership of such Series 2021C Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Series 2021C Bonds only to the respective Holders or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Series 2021C Bonds to the extent of the sum or sums so paid. No person other than a Series 2021C Bondholder shall receive a Series 2021C Bond evidencing the obligation of the SFMTA to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Series 2021C Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the SFMTA shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2021C Bonds for the Depository's book-entry system, the SFMTA and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2021C Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the SFMTA or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2021C Bonds other than the Series 2021C Bondholders. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, the SFMTA may take any other actions, not inconsistent with this Indenture, to qualify the Series 2021C Bonds for the Depository's book-entry program.

(i) Transfers Outside Book-Entry System. In the event that either the Depository determines not to continue to act as Depository for the Series 2021C Bonds, or (ii) the SFMTA determines to terminate the Depository as such, then the SFMTA shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the SFMTA and the Trustee in the issuance of replacement Series 2021C Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2021 Bonds, and by surrendering the Series 2021C Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2021C Bonds are to be issued. The Depository, by accepting delivery of the Series 2021C Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the SFMTA fails to identify another Securities Depository to replace the Depository, then the Series 2021C Bonds shall no longer be required to be registered in the name of the Nominee, but shall be registered

in whatever name or names the Holders transferring or exchanging Series 2021C Bonds shall designate, in accordance with the provisions of Article II of the Master Indenture. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

(c) Payments to the Nominee. Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2021C Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Series 2021C Bond and all notices with respect to such Series 2021C Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section 2.06 or as otherwise instructed by the Depository.

ARTICLE III

SERIES 2021 INTEREST AND PRINCIPAL ACCOUNTS; SEERIES 2021 RESERVE ACCOUNT; SERIES 2021 REBATE FUND

Section 3.01. Series 2021C Interest and Principal Accounts. The SFMTA shall transfer Pledged Revenues to the Trustee for deposit in the Debt Service Fund as provided in Section 5.05 of the Master Indenture and this Section 3.01; provided, that the following accounts are created in the Debt Service Fund held by the Trustee with respect to the Series 2021C Bonds; provided further, however, that to the extent that deposits have been made in any of the accounts referred to below from the proceeds of the sale of the Series 2021C Bonds or otherwise, the deposits below need not be made.

Section 3.02. Series 2021C Debt Service Account. On or before the Business Day prior to each Series 2021C Payment Date, the Trustee shall transfer from the Debt Service Fund to the Series 2021C Debt Service Account within the Debt Service Fund (which accounts are hereby created), the interest and Principal Amount to become due on such Series 2021C Bonds on such Series 2021C Payment Date; provided that the SFMTA need not transfer any moneys at such time as the balance in said Series 2021C Debt Service Account shall be equal to the aggregate amount of interest and Principal Amount becoming due and payable on the then Outstanding Series 2021C Bonds on such Series 2021C Payment Date. The obligation to make the foregoing transfers shall be on a parity with the obligation to fund any interest accounts henceforth created under the Indenture with respect to any additional Series of Bonds which may hereafter be issued under the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

Section 3.03. [Series 2021C Reserve Account. (a) The Series 2021C Reserve Account in the Reserve Fund is hereby established with the Trustee. The Reserve Requirement for the Series 2021C Bonds shall be the Series 2021C Reserve Requirement. The Series 2021C Reserve Account shall benefit only the Series 2021C Bonds and any additional Series of Bonds to the extent so designated in a Supplemental Indenture. The amounts on deposit in the Series 2021C Reserve Account shall secure on a parity basis the Series 2021C Bonds and any additional Series of Bonds so designated in a Supplemental Indenture. In the event an additional Series of Bonds is designated in a Supplemental Indenture to benefit from the Series 2021C Reserve Account, the definition of Series 2021C Reserve Requirement shall be applicable to such Series of Bonds but shall be revised in

such Supplemental Indenture to take into account such Series of Bonds and the requirements of the Code.

(b) If on any Series 2021C Payment Date the amount on deposit in the Debt Service Fund is not sufficient to pay interest on and principal to become due on the Series 2021 Bonds on such Series 2021C Payment Date (or any Series of Bonds designated in a Supplemental Indenture on its Payment Dates), then the Trustee shall withdraw the amount of any such deficiency from the Series 2021C Reserve Account and deposit such amount in the Debt Service Fund.

(c) All money on deposit in the Series 2021C Reserve Account in excess of the Series 2021C Reserve Requirement shall be transferred to the SFMTA or to such account as an Authorized SFMTA Representative may designate; and for this purpose all investments in the Series 2021C Reserve Account shall be valued monthly, at the lower of purchase price or the current market value of such investments (inclusive of accrued interest).

(d) The Trustee shall deposit moneys received from the SFMTA pursuant to Section 5.05(b) of the Master Indenture in the Series 2021C Reserve Account, in an amount equal to that sum, if any, necessary to restore the Series 2021C Reserve Account to an amount equal to the Series 2021C Reserve Requirement. The obligation to make the foregoing transfers to the Series 2021C Reserve Account shall be on a parity without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference. If provided for in a Supplemental Indenture, the obligation to make the foregoing transfers shall be on a parity with the obligation to fund any separate reserve accounts within the Reserve Fund henceforth created under the Indenture with respect to any additional Series of Bonds which may hereafter be issued under the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.]

Section 3.04. Rebate Fund.

(a) General. The Trustee shall establish a special fund designated the "Series 2021C Bonds Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") with respect to the Series 2021C Bonds, pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). The SFMTA may by Supplemental Indenture establish additional funds or accounts for purposes of satisfying the Rebate Requirement with respect to any other Outstanding Bonds. Amounts on deposit in the Rebate Fund shall be free and clear of any lien under the Indenture and shall be governed by this Section 3.04 and Section 6.07 of the Master Indenture and by the Tax Certificate relating to the Series 2021C Bonds. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of an Authorized SFMTA Representative, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the SFMTA with the Rebate Requirement.

(b) Deposits.

(i) Within 45 days of the end of each Bond Year (as such term is defined in the Tax Certificate), (1) the SFMTA shall calculate or cause to be calculated with respect to the Series 2021 Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (2) upon the written direction of an Authorized SFMTA Representative, the Trustee shall deposit to the Rebate Fund from deposits from the SFMTA, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(ii) The Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section 3.03.

(iii) The SFMTA shall not be required to calculate the "rebate amount," and the Trustee shall not be required to make deposit of any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Series 2021C Bonds (including amounts treated as proceeds of the Series 2021C Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the SFMTA under Section 148(f)(4)(C)(vii) of the Code to pay a 1% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, an Authorized SFMTA Representative shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Bonds. Any funds remaining in the Rebate Fund after payment of all the Series 2021C Bonds and any amounts described in paragraph (2) of subsection (d) of this Section 3.04, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, shall be withdrawn by the Trustee and remitted to the SFMTA.

(d) Withdrawal for Payment of Rebate. Upon the an Authorized SFMTA Representative's written direction, but subject to the exceptions contained in subsection (b) of this Section 3.04 to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the Trustee shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in

accordance with Section 1.148 3 of the Treasury Regulations; and not later than 60 days after the payment of all Series 2021 Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148 3 of the Treasury Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section 3.04 shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by the arbitrage rebate consultant for execution by the an Authorized SFMTA Representative and provided to the Trustee.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, an Authorized SFMTA Representative shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the SFMTA equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section 3.04, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection (b), upon written instructions from an Authorized SFMTA Representative, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) Record Keeping. The SFMTA shall retain records of all determinations made hereunder until six years after the complete retirement of the Series 2021C Bonds.

(i) Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Series 2021C Bonds.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Continuing Disclosure. The SFMTA hereby covenants and agrees that it will comply with the provisions of the Series 2021C Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the SFMTA to comply with the Series 2021C Continuing Disclosure Certificate shall not be considered an event of default hereunder; however, the Trustee may (and, at the request of the Participating Underwriter (as defined in the Series 2021C Continuing Disclosure Certificate) or the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Outstanding Series 2021C Bonds, shall) after receiving indemnification to its satisfaction, or any holder or Beneficial Owner (as defined in the Series 2021C Continuing Disclosure Certificate), may take such actions as may be necessary and appropriate to cause the SFMTA to comply with the provisions of the Series 2021C Continuing Disclosure Certificate.

Section 4.02. Effective Date of Sixth Supplemental Indenture. This Sixth Supplemental Indenture shall take effect upon its execution and delivery.

Section 4.03. Indenture to Remain in Effect. Except as provided in this Sixth Supplemental Indenture, the Indenture shall remain in full force and effect.

Section 4.04. Execution in Counterparts. This Sixth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Sixth Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

Jeffrey Tumlin
Director of Transportation

ATTEST:

Secretary to the Board of Directors

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

Authorized Officer

APPROVED AS TO FORM
BY: DENNIS J. HERRERA,
CITY ATTORNEY

Deputy City Attorney

(FORM OF SERIES 2021A/B/C BOND)

No. \$_____

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
[REFUNDING] REVENUE BONDS SERIES 2021C

| Interest Rate | Maturity Date | Dated Date | CUSIP |
|---------------|---------------|-------------|-------|
| | _____, 20__ | _____, 2021 | |

PRINCIPAL AMOUNT:

REGISTERED OWNER: CEDE & CO.

The SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY (hereinafter sometimes called the "SFMTA"), a public body, corporate and politic, duly organized and existing under the Constitution and statutes of the State of California and the Charter of the City and County of San Francisco (the "Charter"), for value received, hereby promises to pay (but solely out of the funds hereinafter mentioned) to the registered owner hereof as shown above or registered assigns (herein sometimes referred to as the "Owner" or "Holder"), subject to the right of prior redemption hereinafter mentioned, the Principal Amount specified above, on the maturity date specified above, and to pay such Owner on each March 1 and September 1 of each year commencing on September 1, 2021 (each, a "Series 2021C Interest Payment Date") by check or draft mailed by the Trustee hereinafter referred to on the Series 2021C Interest Payment Date via first class mail to such Owner at such Owner's address shown on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Series 2021 Interest Payment Date (the "Series 2021C Record Date"), or by federal wire transfer to an account in the United States designated by such Owner of Bonds in the aggregate Principal Amount of \$1,000,000 or more, upon provision of a written notice received by the Trustee prior to the applicable Series 2021C Record Date, interest on such Principal Amount from the Series 2021 Interest Payment Date immediately preceding the date of authentication hereof (unless (i) the date of authentication hereof is prior to the first regular Series 2021C Record Date in which event from the dated date specified above, or (ii) the date of authentication hereof is a Series 2021 Interest Payment Date, in which event from that Series 2021C Interest Payment Date, or (iii) the date of authentication hereof is after a regular Series 2021C Record Date but before the following Series 2021 Interest Payment Date, in which event it shall bear interest from such Series 2021C Interest Payment Date) until the Principal Amount hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, at the interest rate per annum set forth above payable semiannually on each Series 2021C Interest Payment Date. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Principal Amount of and redemption premiums, if any, and interest on the Series 2021C Bonds shall be paid in lawful money of the United States of America. The Principal Amount of and redemption premiums, if any, on the Series 2021C Bonds and payments of interest due at maturity or

earlier redemption of the Series 2021C Bonds, shall be payable upon the surrender thereof at the corporate trust office (the "Corporate Trust Office") of The Bank of New York Mellon Trust Company, N.A. as trustee (the "Trustee"), in San Francisco, California. All capitalized terms which are used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Indenture (as hereinafter defined). Series 2021C Bonds that are book-entry bonds will be governed by the book-entry provisions of the Indenture and the Representation Letter.

The Bonds (as defined under the Indenture) are special, limited obligations of the SFMTA payable solely from Pledged Revenues of the SFMTA and from moneys held in certain funds and accounts established pursuant to the Indenture. The SFMTA is not obligated to pay the principal of, premium, if any, or interest on the Bonds from any source of funds other than Pledged Revenues. The General Fund of the City is not liable for the payment of the principal of, premium, if any, or interest on the Bonds, and neither the credit nor the taxing power of the City is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien, or encumbrance upon, any of the property of the City or of the SFMTA or any of its income or receipts, except Pledged Revenues, as provided by the Indenture.

This Bond is one of a duly authorized issue of Bonds of the SFMTA designated "San Francisco Municipal Transportation Agency [Refunding] Revenue Bonds, Series 2021C" (herein called the "Series 2021C Bonds"), in an aggregate principal amount of \$_____, all of like tenor and date (except for bond numbers, interest rates, amounts and maturity) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and the Charter. The Series 2021C Bonds are authorized by and issued pursuant to certain resolutions duly adopted by the City and the SFMTA and under the Indenture of Trust, dated as of July 1, 2012, as previously supplemented, including as supplemented by the Sixth Supplement to Indenture of Trust, dated as of ____ 1, 2021 (together, the "Indenture"), each by and between the SFMTA and the Trustee, a copy of which is on file with the Secretary of the SFMTA and the Trustee. This Bond will be secured on parity with any other Outstanding Bonds hereafter issued in accordance with the Indenture, including the other Series of Bonds.

All of the Bonds are equally secured in accordance with the terms of the Indenture, reference to which is hereby made for a specific description of the security provided for said Bonds, for the nature, extent and manner of enforcement of such security and for the covenants and agreements made for the benefit of the Holders of the Bonds. By the acceptance of this Bond the Owner hereof consents to all of the terms, conditions and provisions of the Indenture. All of the provisions of the Indenture are hereby incorporated by reference into this Bond as if set forth in full herein, and any inconsistency between the provisions of this Bond and the Indenture shall be resolved in favor of the Indenture. In the manner provided in the Indenture, said Indenture and the rights and obligations of the SFMTA and of the Holders of Bonds may (with certain exceptions as stated in said Indenture) be amended or supplemented with the consent of the Holders of at least fifty-one percent (51%) in aggregate Principal Amount of Outstanding Bonds of all Series affected by such amendment, unless such amendment is for the purpose of, among other things, curing ambiguities or formal defects or omissions, correcting or supplementing any provision which may be inconsistent with any other provision or to make any other change or addition which

shall not have a material adverse effect on the interests of the Holders, in which case no Bondholders' consent is required.

The Series 2021C Bonds shall be subject to optional and mandatory redemption as provided in the Indenture.

This Bond is issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof and is negotiable upon proper transfer of registration. This Bond is transferable by the Owner hereof or by his duly authorized attorney, at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new Series 2021C Bond of any authorized denomination or denominations for the same aggregate principal amount and maturity of the same issue will be issued to the transferee in exchange therefor. This Bond may also be exchanged for a like aggregate principal amount of Series 2021C Bonds of other authorized denominations of the same maturity and interest rate, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture, upon surrender and cancellation of this Bond.

The SFMTA and the Trustee shall not be required to issue, register the transfer of, or exchange (i) any Series 2021C Bond during the period beginning on the fifteenth day of the month preceding each Series 2021C Interest Payment Date and ending on such Series 2021C Interest Payment Date, during the fifteen (15) days preceding the selection of Series 2021C Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed or on any redemption date, or (ii) any Series 2021C Bond selected for redemption.

The SFMTA and the Trustee may treat the Owner hereof as the absolute Owner hereof for all purposes, and the SFMTA and the Trustee shall not be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

The SFMTA by execution of this Bond hereby certifies that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Charter, and that this Bond is within every debt and other limit prescribed by the Constitution and statutes of the State of California and said Charter.

IN WITNESS WHEREOF, the SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY has caused this Bond to be signed on its behalf by the signature of its Director of Transportation, all as of the Dated Date set forth above.

By: _____
Director of Transportation

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

This is one of the Bonds described in the within mentioned Indenture.

Date of Authentication: _____, 2021

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

* * * * *

(FORM OF ASSIGNMENT OF BONDS)

For value received _____ hereby sells, assigns and transfers
unto _____ the within mentioned Bond and hereby irrevocably
constitutes and appoints _____, attorney, to transfer the same on the
books of the Trustee with full power of substitution in the premises.

NOTE: The signature(s) on this Bond
must correspond with the name(s) as
written on the face of the within
Registered Bond in every particular,
without alteration or enlargement or any
change whatsoever.

Dated: _____, 20__
Signature Guaranteed By:

NOTE: Signature must be
guaranteed by an eligible
guarantor institution.

SF\322226051.1

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 201215-110

WHEREAS, Pursuant to Section 8A.102(b)(13) of the Charter (“Charter”) and Chapter 43 of the Administrative Code of the City and County of San Francisco (“City”), the San Francisco Municipal Transportation Agency (“SFMTA”) may issue revenue bonds and other debt instruments, with the concurrence of the Board of Supervisors of the City (the “Board”) and without voter approval, such bonds to be issued in accordance with state law and any procedure provided for by ordinance; and

WHEREAS, The SFMTA desires to refinance all or a portion of: (i) \$37,960,000 San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012A; (ii) \$25,835,000 San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012B; (iii) \$75,440,000 San Francisco Municipal Transportation Agency Revenue Bonds, Series 2013; and (iv) \$70,605,000 San Francisco Municipal Transportation Agency Revenue Bonds Series 2014 (collectively, the “Prior Bonds”) and to provide funds to finance the costs of SFMTA new capital projects; and

WHEREAS, In order to refund the Prior Bonds and to provide funds for new capital projects, the SFMTA desires to issue its revenue bonds, in one or more series or subseries, on a taxable or tax-exempt basis in an aggregate amount not to exceed \$485,000,000 (“Bonds”), comprised of: (i) not to exceed \$185,000,000 aggregate principal amount of refunding revenue bonds (“Refunding Bonds”) to refinance all or a portion of the Prior Bonds; and (ii) not to exceed \$300,000,000 aggregate principal amount of new money revenue bonds (“New Money Bonds”) to provide funds for SFMTA purposes; including in each case such, amounts necessary to pay associated financing costs; and

WHEREAS, The SFMTA has been presented with the form of certain documents related to the revenue bonds, including the Fifth Supplement, the Purchase Contract, one or more Escrow Agreements, and the Continuing Disclosure Certificate (all as defined below, and collectively, the “Financing Documents”); and

WHEREAS, On December 3, 2020, the SFMTA, under authority delegated by the Planning Department, determined that the Refunding Bonds and New Money Bonds as described above are not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; and

WHEREAS, The SFMTA desires to confirm that proceeds of the new Traffic Congestion Mitigation Tax levied by the City and allocable to the Agency pursuant to Article 32 of the City's Business and Tax Regulations Code ("Agency Traffic Congestion Mitigation Tax Proceeds") constitute Pledged Revenues under the Indenture (defined below); now, therefore be it

RESOLVED, That all of the recitals herein are true and correct and constitute findings of this Board; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors approves the issuance in one or more series or sub-series of San Francisco Municipal Transportation Agency Revenue Bonds on a taxable or tax-exempt basis in an amount not to exceed \$485,000,000, which includes the issuance of not to exceed \$185,000,000 aggregate principal amount of Refunding Bonds to refinance all or a portion of the Prior Bonds and up to \$300,000,000 aggregate principal amount of New Money Bonds to provide funds to pay the costs of SFMTA capital projects or improvements, including in each case such amounts necessary to pay various financing costs, and, be it

FURTHER RESOLVED, That the Board of Directors hereby approves the form of Financing Documents submitted to this Board, including but not limited to, that certain Fifth Supplement ("Fifth Supplement"), supplementing that certain Indenture of Trust dated July 1, 2012 ("Indenture"), by and between the SFMTA and U.S. Bank National Association, as successor trustee ("Trustee"). The Bonds may be issued in one or more series or sub-series on one or more dates, on a tax-exempt or taxable basis. The Trustee is authorized to cause the registration and authentication of the Bonds in accordance with the Indenture. The Director of Transportation of the SFMTA is authorized and directed to: (i) determine the aggregate principal amount of Bonds to be issued from time to time (subject to the maximum amount and further limitations and conditions set forth herein); (ii) determine the various titles and series designations of the Bonds; (iii) determine whether to establish a reserve account for one more series of Bonds; and (iv) determine the redemption provisions of the Bonds. The Bonds shall bear interest rates not to exceed 12 percent per annum, and shall mature no later than 30 years from their date of issuance. The form of the Bonds, in substantially the form set forth in the Fifth Supplement presented to this meeting, is approved; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to approve and to execute the Bonds, by manual or facsimile signature, and the Secretary of the Board of Directors is authorized to attest, by manual or facsimile signature, with such changes, additions, amendments or modifications thereto which they may approve, with the advice of the City Attorney and Co-Bond Counsel, such approval to be conclusively evidenced by the issuance of the Bonds, provided however that the Director of Transportation is not authorized to cause the issuance of Bonds hereunder until the Board of Supervisors shall have concurred by resolution with the issuance of the Bonds, and the Director of Transportation shall have presented to this Board for approval a form of Preliminary Official Statement and secondary market undertaking; and provided further that the Director of Transportation shall not proceed with the issuance of Refunding Bonds unless such transaction achieves debt service savings of at least three percent

(three percent) of the par value of the refunded bonds on a net present value basis in aggregate; and; and be it

FURTHER RESOLVED, That the form of one or more escrow agreements (“Escrow Agreements”) between the City and U.S. Bank National Association as escrow agent (“Escrow Agent”), as presented to the Board of Directors, a copy of which is on file with the Secretary of the Board of Directors, is approved. The Director of Transportation or his designee is authorized to execute the Escrow Agreements, with such changes, additions and modifications as he may make or approve in accordance with this Resolution; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to cause a sale of the Bonds by means of a negotiated sale with an underwriter or underwriters selected in accordance with City contracting procedures. The form of a bond purchase contract (“Purchase Contract”), as presented to the Board of Directors, a copy of which is on file with the Secretary of the Board of Directors, is approved. The Director of Transportation is authorized to make such changes, additions and modifications to the Purchase Contract as the Director of Transportation may make or approve in accordance with this Resolution; provided, however, that the Underwriters’ discount under the Purchase Contract shall not exceed 0.50% of the principal amount of the Bonds and the Director of Transportation presents such Purchase Contract to this Board for approval showing final changes, additions or modifications prior to the sale of the Bonds; and be it

FURTHER RESOLVED, That the form of the continuing disclosure certificate of the City (“Continuing Disclosure Certificate”), as presented to the Board of Directors, a copy of which is on file with the Secretary of the Board of Directors, is approved. The Director of Transportation or his designee is authorized to execute the Continuing Disclosure Certificate, with such changes, additions, and modifications as he may make or approve in accordance with this Resolution; and be it

FURTHER RESOLVED, That the City Controller, the City Treasurer, the Director of Transportation, the City Attorney, and all other appropriate officers, employees, representatives, and agents of the City are authorized to do everything necessary or desirable to provide for the issuance of the Bonds, including, but not limited to, executing and delivering such certificates and other documents as they may deem necessary or advisable, including, without limitation, any custody agreements required by the Trustee; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to approve and make such modifications, changes, or additions to the Fifth Supplement, the Purchase Contract, the Continuing Disclosure Certificate, or the Escrow Agreements, upon consultation with the City Attorney and Co-Bond Counsel, as may be necessary or desirable in the interests of the SFMTA, and which changes are within the parameters of this Resolution. The Director of Transportation’s approval of such modifications, changes, additions, or deletions shall be conclusively evidenced by (i) final approval by this Board, and thereafter (ii) the execution and delivery by the Director of Transportation of the Financing Documents. The Director of

Transportation is further authorized to take any actions or make any decisions necessary to maximize the financial advantages to be realized in connection with the issuance of the Bonds; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to cause a resolution to be prepared and submitted to the Board of Supervisors seeking their concurrence with respect to the issuance of Bonds by the SFMTA in accordance with Charter Section 8A.102(b)(13); and be it

FURTHER RESOLVED, That Section 5.01 of the Indenture and Section 3.01 of the Fifth Supplement, both of which set forth the disposition of Pledged Revenues (as defined in the Indenture) applicable to SFMTA's bonds issued pursuant to the Indenture, as supplemented, are hereby confirmed by the Director of Transportation and the Director of Transportation further confirms, pledges and covenants with the holders of the Bonds that the Pledged Revenues shall be appropriated and expended in the order of priority set forth in Section 5.05 of the Indenture, as the same may be amended from time to time, and be it

FURTHER RESOLVED, That this Board of Directors hereby confirms that Agency Traffic Congestion Mitigation Tax Proceeds constitute Pledged Revenues under the Indenture, and be it

FURTHER RESOLVED, That, notwithstanding anything to the contrary in this Resolution, the Director of Transportation, with the advice of the municipal advisor to the SFMTA, may approve modifications to the financial covenants set forth in the Financing Documents, to the extent such revisions are deemed necessary or desirable by the Director of Transportation for the issuance of the Bonds based on advice from the SFMTA's municipal advisor; provided, however, that any such modifications or revisions shall not materially increase the financial or operational risks to the SFMTA and shall otherwise be subject to the terms hereof; and be it

FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or word of this resolution, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the remaining portions or applications of this resolution; the Board of Directors declares that it would have passed this resolution and each and every section, subsection, sentence, clause, phrase, or word of this resolution not declared invalid or unconstitutional without regard to whether any other portion of this resolution or application thereof without regard to whether any other portion of this resolution or application thereof would be subsequently declared invalid or unconstitutional; and be it

FURTHER RESOLVED, That the documents presented to the Board of Directors are on file with the Secretary of the Board of Directors.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of December 15, 2020.

Caroline Celaya

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency



Revenue Bond Advance Refunding

The San Francisco Municipal Transportation Agency (SFMTA) proposes to adopt a resolution to authorize (i) the issuance of taxable or tax-exempt Refunding Revenue Bonds in an amount not to exceed \$185 million to refinance all or a portion of the Series 2012A, 2012B, 2013; and 2014 Revenue Bonds to lower agency in debt service costs, and (ii) to authorize a series of new money tax exempt Revenue Bonds to finance the costs of certain transportation projects, in an amount not to exceed \$300 million, and in either case to fund reserve funds for such obligations, and pay the costs of issuance therefor, and authorize and direct the Director of Transportation to execute the documents necessary for this transaction, including the Fifth Supplement to Indenture of Trust, Escrow Agreement, Purchase Contract and Continuing Disclosure Certificate, and to seek Board of Supervisors concurrence with respect to the plan of finance described below. The Board of Directors adopts the Resolution for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations; this Resolution does not bind the SFMTA to make any expenditure, incur any indebtedness, or proceed with projects.

Not a “project” under CEQA pursuant to CEQA Guidelines Sections 15060(c) and 15378(b) because the action would not result in a direct or a reasonably foreseeable indirect physical change to the environment.

Angela E. Alter

December 3, 2020

Angela E. Alter, Planner
San Francisco Municipal Transportation Agency

Date

Laura C. Lynch

January 27, 2021

Laura C. Lynch
San Francisco Planning Department

Date



SFMTA

Revenue Bond New Money Issuance

San Francisco Board of Supervisors

January 27, 2021



Topics for Today

- Introduction
Rationale for new money
- SFMTA FY 2021 – 2025 Capital Improvement Program Update
Capital revenues down; reviewing capital priorities; state of good repair funding needs
- New Money
Summary of issuance, program of projects to be funded
- Next Steps
Approval, timeline of next steps

New Money Rationale

- With its good credit rating, the SFMTA can take advantage of historically low interest rates and increase capital budget resilience with new money bonds
- The SFMTA requests the option to issue up-to \$300M, however the Agency plans to issue and appropriate \$287M
- This option bolsters the SFMTA's financial position and looming capital shortfalls while issuing debt at historically low cost
- The SFMTA may decide not to move ahead with refunding depending on financial position or market conditions

COVID Impacts on SFMTA Capital Program

- All anticipated capital revenues are in decline except for federal funds and bridge toll receipts, which are estimated to be effectively flat
- Proposition K Transportation Sales Taxes are projected to be flat, assuming historic spend-down trends
- Final amounts dependent on depth and length of COVID impacts
- New money bonds will allow the SFMTA to maintain the integrity of its Five-Year CIP and prevent the Agency from falling further behind on the existing \$3.2B state-of-good-repair backlog

Projected Impact of COVID on SFMTA Capital Revenues

2-Year Capital Budget

Potential Revenue Loss

Range 6 – 8%

Up to \$92 million loss

Remaining 3-Years

Potential Revenue Loss

Range 3 – 8 %

Up to \$112 million loss

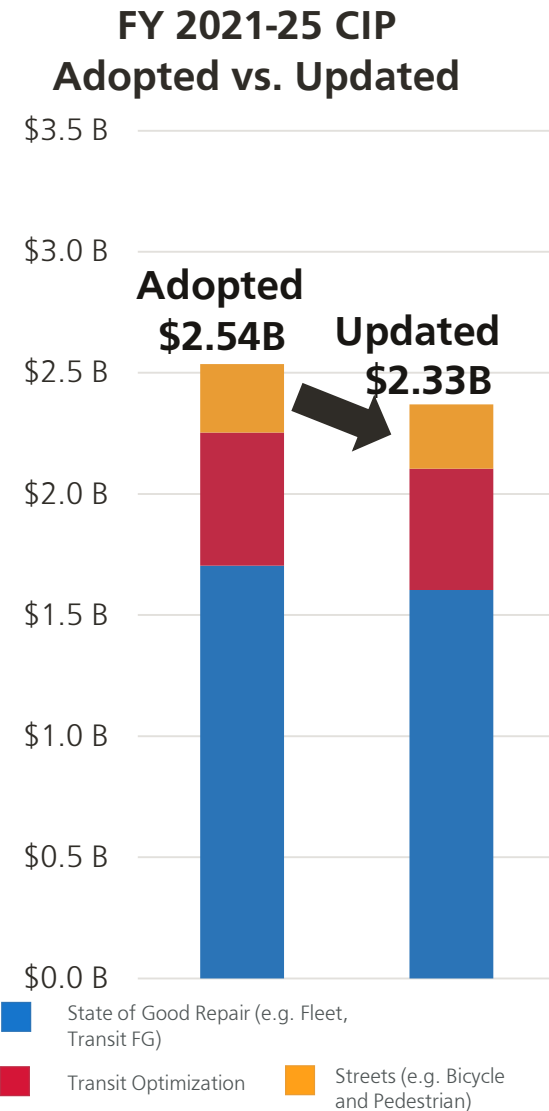
5-Year CIP

Potential Revenue Loss

Range 4 – 8%

Up to \$202 million loss

SFMTA 5-Year CIP – Capital Funds Dedined \$202.2 million



| Funding Agency | Adopted 4/21/20 | Updated 1/5/21 | Delta | Adjustment |
|--|--------------------|-------------------|----------------|---|
| Local Funds (e.g. GO Bonds, Impact Fees, Population Baseline) | 1,063.8 | 846.9 | (216.9) | TSF, IPIC and population baseline down |
| Federal Transit Administration | 903.4 | 821.3 | (82.2) | TCP adjusted down |
| Metropolitan Transportation Commission | 208.8 | 228.3 | 19.5 | Higher due to cost savings |
| SF County Transportation Authority | 137.7 | 225.5 | 87.8 | Sales tax flat, includes FY20 carryforward and cost savings |
| Caltrans | 187.6 | 179.5 | (8.1) | Cap & Trade and ATP adjusted down |
| Strategic Growth Council | 23.1 | 23.0 | (0.1) | |
| Homeland Security | 10.2 | 8.0 | (2.2) | |
| California Office of Emergency Services | 0.0 | 0.5 | 0.5 | |
| California Office of Traffic Safety | 0.6 | 0.4 | (0.2) | |
| Total | 2,535.3 | 2,333.1 | (202.2) | |

SFMTA 5-Year CIP – updated on January 5, 2021, \$M

| Program | Capital Budget | | | | | 5-Year CIP | | |
|------------------------|----------------|--------------|--------------|--------------|--------------|-----------------|-----------------|----------------|
| | FY21 | FY22 | FY23 | FY24 | FY25 | Total (Current) | Adopted 4/21/20 | Difference |
| Fleet | 89.7 | 206.9 | 137.6 | 146.8 | 215.3 | 796.4 | 916.1 | (119.7) |
| Transit Optimization | 170.5 | 133.7 | 26.2 | 59.8 | 109.1 | 499.3 | 549.7 | (50.4) |
| Transit Fixed Guideway | 98.4 | 58.7 | 64.9 | 119.1 | 85.1 | 426.2 | 392.9 | 33.3 |
| Streets | 57.9 | 69.6 | 39.5 | 49.8 | 26.4 | 243.2 | 282.3 | (48.0) |
| Facility | 85.1 | 52.3 | 38.4 | 31.9 | 26.5 | 234.3 | 242.5 | 0.7 |
| Signals | 25.9 | 5.4 | 15.0 | 12.9 | 17.2 | 76.3 | 91.6 | (15.2) |
| Communication & IT | 9.5 | 2.1 | 0.7 | 7.4 | 5.0 | 24.7 | 25.3 | (0.5) |
| Parking | 22.0 | 0.3 | - | - | - | 22.3 | 22.5 | (0.2) |
| Security | - | 3.0 | - | 2.0 | 3.0 | 8.0 | 10.2 | (2.2) |
| Taxi | 0.6 | 0.1 | 0.1 | 1.4 | 0.2 | 2.5 | 2.3 | 0.2 |
| Total | 559.7 | 532.2 | 322.5 | 431.1 | 487.8 | 2,333.1 | 2,535.2 | (202.2) |

SFMTA 5-Year CIP – Adopted on April 21, 2020

SFMTA needs to invest \$632M annually to bring the transit system in a state of good repair. On average there is only \$467M annually available in the CIP.



\$632M Full Scheduled Asset Replacement & Eliminate the Backlog

\$552M Full Scheduled Asset Replacement & Reduce the Backlog by 50%

\$472M Full Scheduled Asset Replacement & No Growth in Backlog

\$304M Transit Service Critical Scheduled Asset Replacement

\$250M Annual State of Good Repair Investment Target

5-year Amount
\$2.33B

Average Annual
CIP Revenue
\$467M

Annual State of
Good Repair
Need
\$632M

Average SGR
Annual
Investment
\$269M

New Money Summary—\$287M Appropriation

| | Summary |
|---------------------------|---|
| Approach | Debt service weighted to outer years, structured so that sum of existing debt and new debt is level starting FY24 |
| Objective | Increase near-term budget flexibility while providing future debt service predictability |
| Total Debt Service | \$443.5M |

- Estimated true interest cost of 2.38%, and annual debt service of \$14.8M on avg.
- Debt service as a percent of annual operating budget projected at no higher than 2.6%
- Assumes a 30-year term, amortization begins FY24, at which point some principal becomes payable, providing enhanced near-term budget relief
- DSRF will only be included if it provides a financial benefit at pricing

Assumes rates as of 01/06/2021, subject to change based on market conditions

Appropriation Sources and Uses (in millions)

| Source | Est. Amount |
|-------------------|----------------|
| Par Amount | \$279.3 |

| Uses | Est. Amount |
|-----------------------------------|----------------|
| Transportation Equipment | \$137 |
| Transportation Infrastructure | \$118 |
| Debt Service Reserve Fund | \$22.5 |
| Reserve for Market Uncertainty | \$7.7 |
| Cost of Issuance | \$0.7 |
| Underwriter's Discount | \$0.6 |
| City Services Auditor–Audit Fund | \$0.5 |
| SUBTOTAL | \$279.3 |
| Reserve for Market Uncertainty | \$7.7 |
| Total Not to Exceed Amount | \$287 |

Proceeds to be Allocated in Two Project Areas

Transportation Equipment—\$137 million

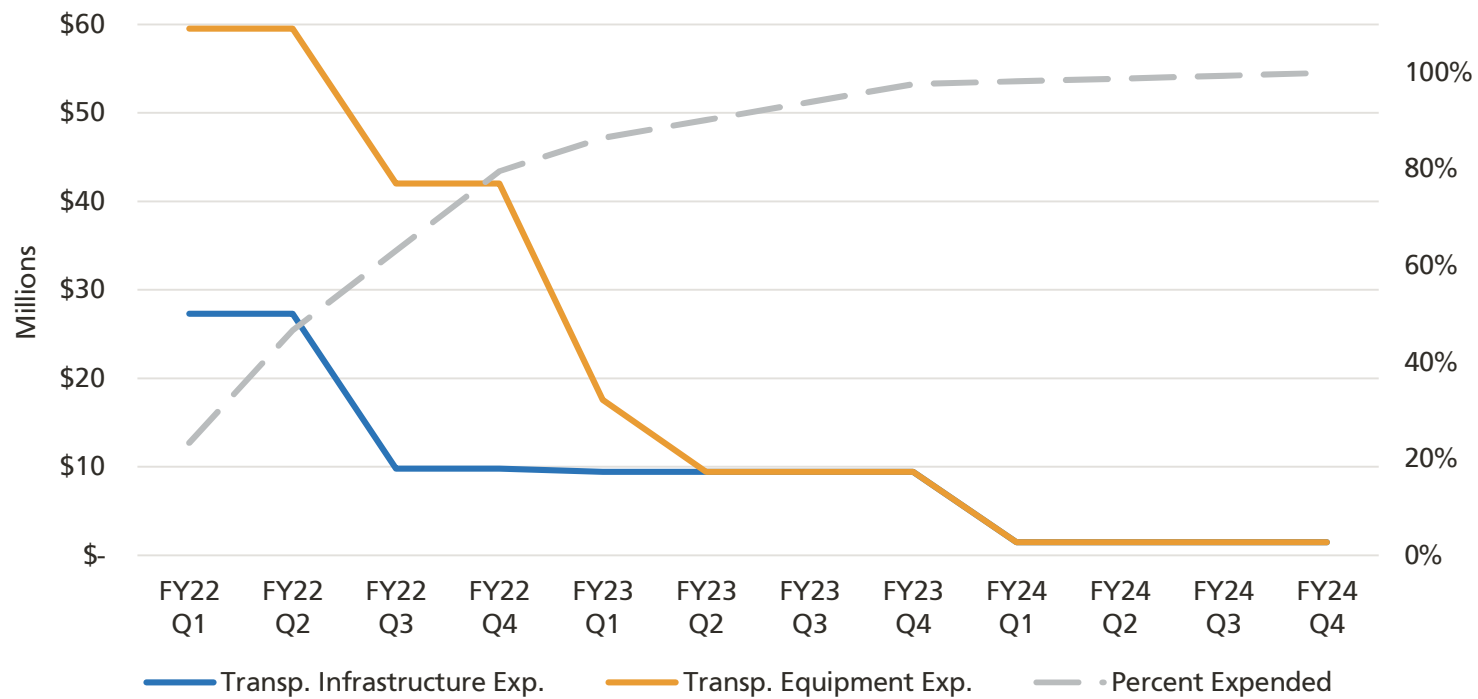
Replacement and expansion for both revenue and non-revenue vehicles, such as light rail vehicles, motor coaches, trolley coaches, electrical buses, cable cars, historic streetcars, paratransit vehicles, sedans and special vehicles.

Transportation Infrastructure—\$118 million

Modernize maintenance facilities that are vital to accommodate fleet growth, and renovate outdated operational facilities so that employees experience a safe and optimal working environment at SFMTA properties. Maintain SFMTA's fixed guideway assets in a state of good repair, such as subway infrastructure, stations, tracks, overhead wires, the train control system, and cable car infrastructure at various locations. Replace parking meters citywide with updated equipment and rehabilitate parking structures that are accessible and meet the requirements of the Americans with Disabilities Act (ADA). To support the City's Transit First policy, SFMTA will create a Rapid Network with several major corridor projects by implementing pedestrian bulbs, transit only lanes, traffic signal priority, and other street design changes.

\$31.5 million in other proceeds to fund debt service reserve funds, costs of issuance, CON CSA, and reserve for market uncertainty.

Proceeds Spend-down Projection



Proceeds are expected to be fully expended by the end of FY 2023-24

Transportation Equipment: Fleet

- These projects include procurement of transit vehicles such as light rail vehicles and motor coaches and the rehabilitation of transit vehicles such as cable cars and historic streetcars to extend their useful lives.



Transportation Infrastructure: Facilities

1200 15th Street Renovation

- Rebuild existing structure at 1200 15th Street as a mixed use development, consolidating Enforcement Operations on the first two floors and adding a mix of affordable and market rate housing on the upper floors.
- Enforcement space will include work areas, office space, locker rooms and storage areas with vehicle storage provided next door at the upper floors of the existing Scott Facility.



Transportation Infrastructure: Parking Meter Replacement

- Replacement of the 29,000+ parking meters in the City with updated equipment, due to end-of-life issues and need to update to current wireless technology.



Today's Approval

- The SFMTA Director of Transportation is authorized and directed to approve and to execute the Bonds dependent on approval from the SF Board of Supervisors
- The SFMTA is proposing:
 - i) New Money Bonds authorization
 - ii) Approval of a Supplemental Appropriation of \$287M to allow the Agency to expend the proceeds of the New Money Bonds

New Money Bond Milestones

- 12/15: SFMTA Board authorization (completed)
- 1/11 Capital Planning Committee approvals (completed)
- 1/19: SFMTA Board approval of Preliminary Official Statements (completed)
- 1/27: Board of Supervisors (BOS) Budget and Finance Committee
- 2/3: Full BOS Adoption of Bond Resolution and Supplemental Appropriation
- Early March: Pricing
- Early March: Closing



Thank You.

(Supporting Materials Follow)



Prepared By:

Samuel Thomas
Financial Analysis Manager, SFMTA
1 South Van Ness Avenue, 8th Floor

SFMTA

Glossary of Terms

- Amortization: Amortization is paying off a debt over time in installments.
- Basis Points (bps): One hundredth of one percent, used chiefly in expressing differences of interest rates.
- Debt Service Reserve Fund (DSRF): Debt service reserves are cash assets that are designated by a borrower to ensure full and timely payments to bond holders.
- Maturity: A bond's term to maturity is the period during which its owner will receive interest payments on the investment. When the bond reaches maturity, the owner is repaid its par, or face, value.
- Net Present Value (NPV): NPV is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is used to analyze the economic value of an investment, translating returns into today's dollars.
- Par Value: The par value is the amount of money that bond issuers promise to repay bondholders at the maturity date of the bond.
- Underwriter: An underwriter is any party that evaluates and assumes another party's risk for a fee. The fee paid to an underwriter often takes the form of a commission, premium, spread, or interest.
- Yield: Bond yield is the return an investor realizes on a bond. Setting the bond yield equal to its coupon rate is the simplest definition.

SFMTA Proposed Total Debt Service Summary

| | A | B | C | D | E |
|-------------|---|--|--|--|---|
| Fiscal Year | Current Debt Service (Excluding Refunding) | Debt Service with Planned Refunding | Proposed New Money Debt Service (\$287M New Money) | Total Adjusted Debt Service Assuming Refunding (B+C=D) | Adjusted Debt Service Compared to Current Debt Service (D-A=E) |
| 2021 | 23,517,131 | 13,885,709 | | 13,885,709 | (9,631,422) |
| 2022 | 23,521,031 | 13,717,747 | 7,703,700 | 21,421,447 | (2,099,584) |
| 2023 | 23,337,781 | 20,579,706 | 7,703,700 | 28,283,406 | 4,945,625 |
| 2024 | 23,335,531 | 23,330,556 | 7,703,700 | 31,034,256 | 7,698,725 |
| 2025 | 23,338,781 | 23,334,832 | 7,993,700 | 31,328,532 | 7,989,751 |
| 2026 | 23,333,831 | 23,329,618 | 8,000,000 | 31,329,618 | 7,995,787 |
| 2027 | 23,337,081 | 23,333,652 | 7,995,850 | 31,329,502 | 7,992,421 |
| 2028 | 23,336,844 | 23,332,900 | 7,996,550 | 31,329,450 | 7,992,606 |
| 2029 | 23,336,831 | 23,334,106 | 7,991,950 | 31,326,056 | 7,989,225 |
| 2030 | 23,334,194 | 23,327,705 | 8,002,200 | 31,329,905 | 7,995,711 |
| 2031 | 23,336,344 | 23,335,491 | 7,991,850 | 31,327,341 | 7,990,997 |
| 2032 | 23,334,013 | 23,332,055 | 7,996,500 | 31,328,555 | 7,994,543 |
| 2033 | 23,335,738 | 23,334,941 | 7,990,700 | 31,325,641 | 7,989,904 |
| 2034 | 17,361,988 | 17,361,566 | 13,964,750 | 31,326,316 | 13,964,329 |
| 2035 | 17,356,988 | 17,352,758 | 13,974,250 | 31,327,008 | 13,970,021 |
| 2036 | 17,361,188 | 17,360,162 | 13,967,750 | 31,327,912 | 13,966,725 |
| 2037 | 17,358,438 | 17,358,240 | 13,970,550 | 31,328,790 | 13,970,353 |
| 2038 | 17,358,525 | 17,353,503 | 13,972,200 | 31,325,703 | 13,967,178 |
| 2039 | 17,358,713 | 17,356,830 | 13,972,550 | 31,329,380 | 13,970,668 |
| 2040 | 17,354,463 | 17,354,000 | 13,971,450 | 31,325,450 | 13,970,988 |
| 2041 | 17,350,575 | 17,350,313 | 13,978,750 | 31,329,063 | 13,978,488 |
| 2042 | 17,361,575 | 17,360,898 | 13,964,000 | 31,324,898 | 13,963,323 |
| 2043 | 14,559,175 | 14,558,030 | 16,767,650 | 31,325,680 | 16,766,505 |
| 2044 | 14,557,725 | 14,556,510 | 16,769,950 | 31,326,460 | 16,768,735 |
| 2045 | 10,052,825 | 10,052,825 | 21,272,200 | 31,325,025 | 21,272,200 |
| 2046 | 10,053,625 | 10,053,625 | 21,274,100 | 31,327,725 | 21,274,100 |
| 2047 | 10,055,025 | 10,055,025 | 21,271,300 | 31,326,325 | 21,271,300 |
| 2048 | | | 31,328,500 | 31,328,500 | 31,328,500 |
| 2049 | | | 31,328,450 | 31,328,450 | 31,328,450 |
| 2050 | | | 31,328,350 | 31,328,350 | 31,328,350 |
| 2051 | | | 31,327,450 | 31,327,450 | 31,327,450 |
| Total | 519,235,956 | 496,993,303 | 443,474,600 | 940,467,903 | 421,231,947 |

Assumes rates as of 01/06/2021, subject to change based on market conditions

Credit Rating Considerations

- S&P affirmed 'AA-' rating and negative outlook, Moody's affirmed 'Aa2' rating while revising the outlook to negative– **SFMTA's debt is high-quality investment grade**
- SFMTA retains "a very strong enterprise risk profile, a strong financial risk profile, and significant support by various tax revenue," with "strong debt and liabilities capacity"

Farebox Recovery

- While historically, farebox recovery below 30% was a negative, in the post-pandemic period it is less of a factor.

Critical Service Provider

- San Francisco is amongst the wealthiest cities in the country with a strong economic base. SFMTA plays a key role in the City's transport network.

Broad Revenue Pledge

- SFMTA has a diverse enterprise revenue base (farebox, parking, fine and fee revenues) that is expected to be resilient under a wide range of scenarios.

General Fund/Public Support

- Generally supportive political establishment and voter base, translated into steady financial resources (e.g., General Fund support)

Competent Management

- With low overall leverage and high liquidity, SFMTA is well positioned both to manage the immediate and long-term challenges related to COVID-19.

Underwriter Selection

Ten proposals were received and scored by the MTA and independent advisors

Selected Team

- Sr. Manager: Royal Bank of Canada Capital Markets (RBCCM)
- Co-Managers:
 - Goldman Sachs Group
 - Siebert Williams Shank & Co. (SWS)
- The team will provide broad market coverage and deep, diverse expertise in the transportation sector
- SWS is a MWBE with a substantial local desk— added benefit of being in the syndicate for past MTA deals

Comps

RECENTLY PRICED DEALS BY TRANSPORTATION AGENCIES

| Pricing Date | 8/18/2020 | 8/19/2020 | 8/18/2020 | 8/13/2020 | 8/11/2020 | 8/5/2020 |
|---------------|-----------------|-----------------------------------|---|----------------------|------------------------|-------------------------------------|
| Issuer | SF BART | Los Angeles International Airport | NYS Metropolitan Transportation Authority | Miami-Dade County | Los Angeles County MTA | San Francisco International Airport |
| Security Type | GO | GARB | BANs - MLF | Sales Surtax Revenue | Measure R Jr Sub Lien | GARB |
| Ratings | Aaa/AAA | Aa2/AA-/AA | SP-2 | nr / AA/AA | nr/AA/AA | A1/AA+ |
| Tax Status | Tax-Exempt | Tax-Exempt (Non-AMT) | Tax-Exempt | Taxable | Tax-Exempt | Tax-Exempt (AMT) / Taxable |
| Par Amount | 625,005,000 | 558,500,000 | 465,000,000 | 513,405,000 | 1,356,095,000 | 291,275,000 |
| | Yield | T/E Spread | Yield | T/E Spread | Yield | T/E Spread |
| 2021 | | | | | | |
| 2022 | | | | 0.410 + 25 | | |
| 2023 | | | | 0.460 + 30 | | |
| 2024 | 0.100 (5s) -5 | 0.370 + 20 | 1.920 + 179.5 | 0.540 + 35 | 0.090 + 2 | |
| 2025 | 0.150 (5s) -6 | 0.470 + 25 | | 0.750 + 45 | 0.140 + 3 | |
| 2026 | 0.230 (5s) -8 | 0.570 + 26 | | 0.900 + 60 | 0.200 + 4 | |
| 2027 | 0.330 (5s) -6 | 0.690 + 29 | | 1.100 + 60 | 0.340 + 9 | |
| 2028 | 0.430 (5s) -3 | 0.850 + 37 | | 1.250 + 75 | 0.480 + 16 | |
| 2029 | 0.550 (5s) + 1 | 0.950 + 39 | | 1.500 + 82 | 0.600 + 21 | |
| 2030 | 0.660 (4s) + 6 | 1.040 + 41 | | 1.550 + 87 | 0.690 + 23 | |
| 2031 | 0.800 (4s) + 11 | 1.150 + 44 | | 1.650 + 92 | 0.770 + 24 | |
| 2032 | 0.940 (4s) + 19 | 1.230 + 45 | | 1.750 + 107 | 0.860 + 28 | |
| 2033 | 1.020 (4s) + 20 | 1.330 + 48 | | | 0.930 + 32 | |
| 2034 | 1.130 (4s) + 24 | 1.450 + 53 | | | 1.010 + 26 | |
| 2035 | 1.190 (4s) + 25 | 1.500 + 53 | | | 1.060 + 24 | |
| 2036 | 1.490 (3s) + 50 | 1.740 + 72 | | | 1.080 + 21 | |
| 2037 | 1.550 (3s) + 52 | 1.780 + 71 | | | 1.100 + 18 | |
| 2038 | 1.590 (3s) + 53 | 1.820 + 72 | | | 1.140 + 18 | 1.750 (5s) + 72 |
| 2039 | 2.030 (2s) + 94 | 1.860 + 73 | | | | 1.780 (5s) + 72 |
| 2040 | 2.070 (2s) + 95 | 1.900 + 74 | | | | 1.960 (4s) + 87 |
| 2041 | 2.100 (2s) + 94 | | | | | 2.010 (4s) + 89 |
| 2042 | 2.130 (2s) + 94 | | | 2.600 + 130 | | |
| 2043 | | | | | | |
| 2044 | | 1.820 (5s) + 52 | | | | |
| 2045 | 1.640 (4s) + 36 | | | | | |
| 2046 | 2.220 (2s) + 93 | | | | | |
| 2047 | | | | | | |
| 2048 | | 2.070 (4s) + 70 | | | | |
| 2049 | | | | | | |
| 2050 | 2.060 (3s) + 72 | | | | | |
| 2051 | | | | | | 2.958 + 175 |

5s '24-'35
4s '35-'40

20 competitive bids from 10 firms
all bids rejected; TIC avg 2.79%
MLF TIC = 1.92%

+ \$239.55mm T-E

taxable 2051

Transportation Deals pricing the week of 8/24 (\$ mils)

| | | |
|-----------|---|--------------|
| 537.630 | Chicago Transit Authority, Sales Tax Rev Refunding (Taxable) | nr/A+/nr/AA- |
| 345.070 | Chicago Transit Authority, Sales Tax Rev Refunding (Exempt) | nr/A+/nr/AA- |
| 1,300.000 | NYS Transportation Dev Auth - LaGuardia Airport Terminal-Delta Airlines, Spec Fac | |
| 215.405 | Delaware Transportation Authority, Sr Rev Refunding | Aa1/AA+ |
| 84.980 | Regional Transit Auth (New Orleans) Sales Tax Refunding (Exempt+Taxable) | Aa3/AA |
| 12.690 | Metropolitan Airport Auth of Rock Island, IL (AGM) Refunding | nr/AA |



Comps

RECENTLY PRICED DEALS BY TRANSPORTATION AGENCIES (cont.)

| Pricing Date | 7/28/2020 | | 7/15/2020 | | 7/30/2020 | | 7/7/2020 | | 6/17/2020 | |
|---------------|---------------------------------------|------------|---|------------|---------------|------------|------------------------------------|------------|--------------------------------|------------|
| Issuer | Colorado Department of Transportation | | Southeast Pennsylvania Transportation Authority | | DFW Airport | | Bi-State Development Authority, MO | | Transbay Joint Power Authority | |
| Security Type | COP Lease | | GANs | | GARB | | Sales Tax | | Sr Tax Allocation | |
| Ratings | Aa2/AA- | | AA- | | A1/A/A+/AA | | Aa2/AA-/nr/AA+ | | nr/nr/A- | |
| Tax Status | Tax-Exempt | | Tax-Exempt | | Taxable | | Taxable | | Tax-Exempt | |
| Par Amount | 19,050,000 | | 97,250,000 | | 1,193,985,000 | | 271,205,000 | | 189,480,000 | |
| | Yield | T/E Spread | Yield | T/E Spread | Yield | Tax Spread | Yield | Tax Spread | Yield | T/E Spread |
| 2021 | | | 0.410 | + 24 | | | 0.765 | + 60 | | |
| 2022 | | | 0.490 | + 29 | | | 0.895 | + 73 | | |
| 2023 | | | 0.530 | + 31 | 1.041 | + 90 | 1.016 | + 83 | | |
| 2024 | | | 0.620 | + 34 | 1.229 | + 100 | 1.224 | + 93 | | |
| 2025 | | | 0.720 | + 36 | 1.329 | + 110 | 1.344 | + 105 | 1.340 | + 90 |
| 2026 | | | 0.880 | + 42 | 1.649 | + 125 | 1.616 | + 113 | 1.530 | + 100 |
| 2027 | | | 1.020 | + 49 | 1.749 | + 135 | 1.716 | + 123 | 1.690 | + 109 |
| 2028 | | | 1.160 | + 56 | 1.946 | + 140 | 1.870 | + 122 | 1.830 | + 115 |
| 2029 | | | 1.240 | + 56 | 2.046 | + 150 | 1.970 | + 132 | 1.930 | + 116 |
| 2030 | | | 1.330 | + 58 | 2.096 | + 155 | 2.020 | + 137 | 2.030 | + 118 |
| 2031 | | | 1.380 | + 54 | 2.246 | + 170 | 2.150 | + 150 | 2.170 | + 122 |
| 2032 | | | 1.430 | + 52 | 2.416 | + 187 | 2.250 | + 160 | 2.320 | + 130 |
| 2033 | | | | | 2.516 | + 197 | 2.350 | + 170 | 2.410 | + 131 |
| 2034 | | | (all 5s) | | 2.696 | + 215 | | | 2.440 | + 126 |
| 2035 | | | | | 2.796 | + 225 | | | 2.490 | + 125 |
| 2036 | | | | | 2.896 | + 235 | | | 2.530 | + 124 |
| 2037 | 1.720 | + 60 | | | | | | | 2.570 | + 124 |
| 2038 | 1.770 | + 62 | | | | | | | 2.610 | + 125 |
| 2039 | 1.810 | + 63 | | | | | | | 2.650 | + 126 |
| 2040 | 1.860 | + 64 | | | 3.089 | + 190 | 2.929 | + 155 | 2.690 | + 126 |
| 2041 | 1.900 | + 65 | | | | | | | | |
| 2042 | | | | | | | 2.979 | + 160 | | |
| 2043 | (all 4s) | | | | | | | | | |
| 2044 | | | | | | | | | | |
| 2045 | | | | | | | | | 2.710 | + 112 |
| 2046 | | | | | | | | | | |
| 2047 | | | | | | | | | | |
| 2048 | | | | | | | | | | |
| 2049 | | | | | | | | | 2.750 | + 111 |
| 2050 | | | | | 2.919 | + 173 | | | | |
| 2051 | | | | | | | | | (all 5s) | |