

OFFERING MEMORANDUM DATED APRIL __, 2018

**Ratings: Moody's: [P-1]
S&P: [A-1+]
(See "RATINGS" herein)**

In the opinion of Norton Rose Fulbright US LLP, San Francisco, California, Bond Counsel ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants in the Issuing and Paying Agent Agreements and requirements of the Internal Revenue Code of 1986, as amended, regarding the use, expenditure and investment of proceeds of the Commercial Paper Notes and the timely payment of certain investment earnings to the United States, interest on the Tax Exempt CP Notes is not includable in the gross income of the owners of the Tax Exempt CP Notes for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Tax Exempt CP Notes to be included in gross income. In the further opinion of Bond Counsel, interest on the Tax Exempt CP Notes is not treated as an item of tax preference for purposes of the alternative minimum taxable tax. Although the corporate alternative minimum tax is repealed for taxable years beginning on and after January 1, 2018 for taxable years that began before January 1, 2018, interest on the Tax-Exempt CP Notes is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. In the further opinion of Bond Counsel, interest on the Tax-Exempt CP Notes is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS" herein.

San Francisco Municipal Transportation Agency



**Not to Exceed \$100,000,000
Commercial Paper Notes
Series A-1 (Tax-Exempt)
Series A-2 (Taxable)**

Letter of Credit Provider:

[Insert SMBC Logo]

The San Francisco Municipal Transportation Agency ("SFMTA") Commercial Paper Notes ("Commercial Paper Notes") are special limited obligations of the SFMTA, supported by and payable when due from proceeds of drawings on an irrevocable letter of credit (the "Letter of Credit") issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank") on April __, 2018. The Letter of Credit will expire, unless earlier terminated or unless renewed or extended, on February __, 2023.

THE COMMERCIAL PAPER NOTES ARE NOT SECURED BY ANY PROPERTY OR OTHER ASSETS OF THE SFMTA (OR THE CITY), EXCEPT FOR AVAILABLE TRANSPORTATION SYSTEM REVENUES (AS DEFINED HEREIN). THE GENERAL FUND OF THE CITY AND COUNTY OF SAN FRANCISCO IS NOT LIABLE, AND THE CREDIT OR THE TAXING POWER OF THE CITY AND COUNTY OF SAN FRANCISCO IS NOT PLEDGED, FOR THE PAYMENT OF THE COMMERCIAL PAPER NOTES AND THE INTEREST THEREON. THE AVAILABLE TRANSPORTATION SYSTEM REVENUES ARE PLEDGED, ON A SUBORDINATE BASIS TO THE SFMTA'S PLEDGE OF ITS TRANSPORTATION SYSTEM REVENUES TO THE PAYMENT OF THE SENIOR LIEN REVENUE BONDS (AS DEFINED HEREIN) AND TO THE REIMBURSEMENT OF THE BANK FOR DRAWINGS ON THE LETTER OF CREDIT. THE AVAILABLE TRANSPORTATION SYSTEM REVENUES SHALL BE APPLIED (TO THE EXTENT AVAILABLE) TO THE PAYMENT OF THE COMMERCIAL PAPER NOTES IF FOR ANY REASON SUCH DRAWINGS ARE UNAVAILABLE. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES - LIMITED OBLIGATIONS OF THE SFMTA" HEREIN.

The Commercial Paper Notes are being offered solely on the basis of the Letter of Credit and the financial strength of the Bank and not the operations, financial strength or condition of the SFMTA. Accordingly, this Offering Memorandum does not describe the financial condition of the SFMTA. Timely payment of the Commercial Paper Notes is dependent upon the availability of the funds under the Letter of Credit. If for any reason the Bank fails to honor a properly presented and conforming drawing due under the Letter of Credit, the SFMTA makes no representation, and no assurance can be given, that the SFMTA would have sufficient funds on hand and available to make the corresponding payment of principal and interest on the Commercial Paper Notes. The ratings assigned to the Commercial Paper Notes are based on the creditworthiness of the Bank. The Commercial Paper Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from registration contained therein.

Dealers

Loop Capital Markets

Morgan Stanley

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SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
Not to Exceed \$100,000,000
Commercial Paper Notes
SERIES A-1 (TAX-EXEMPT)
SERIES A-2 (TAXABLE)

INTRODUCTION

The purpose of this Offering Memorandum is to provide certain general information in connection with the issuance and sale of the San Francisco Municipal Transportation Agency (“*SFMTA*”) Commercial Paper Notes (“*Commercial Paper Notes*”). It is not intended to be a complete summary of the terms of or security for the Commercial Paper Notes. Capitalized terms used herein and not defined shall have the respective meanings given such terms in the Issuing and Paying Agent Agreement (defined herein). See also APPENDIX B - “SUMMARY OF CERTAIN PROVISIONS OF THE ISSUING AND PAYING AGENT AGREEMENT.”

The Commercial Paper Notes are supported by an irrevocable letter of credit (the “*Letter of Credit*”) issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “*Bank*”). The Commercial Paper Notes will be payable when due from properly presented and conforming drawings on the Letter of Credit. Available Transportation System Revenues (defined herein) of the SFMTA are pledged to the reimbursement of the Bank for such drawings on a subordinate basis to the SFMTA’s Senior Lien Revenue Bonds and shall be applied (to the extent available), if for any reason proceeds of such drawings are unavailable, to the payment of principal and interest on the Commercial Paper Notes. **The Commercial Paper Notes are not secured by any property or other assets of the SFMTA (or the City), except for Available Transportation System Revenues. The General Fund of the City and County of San Francisco (the “City”) is not liable, and the credit or the taxing power of the City is not pledged, for the payment of the Commercial Paper Notes or the interest thereon.**

The SFMTA may issue from time to time, and have outstanding at any one time, an aggregate principal amount of Commercial Paper Notes up to \$100,000,000. The Commercial Paper Notes may be issued on a tax-exempt or taxable basis.

The SFMTA does not expect that it will have on hand, on any maturity date for Commercial Paper Notes, Available Transportation System Revenues sufficient to pay maturing Commercial Paper Notes. Payment of maturing Commercial Paper Notes is therefore dependent on the Letter of Credit and on the ability of the SFMTA to sell rollover Commercial Paper Notes or bonds issued for the purpose of refinancing such Commercial Paper Notes. Prospective investors therefore should base their investment decision on an evaluation of the credit of the Bank, rather than on the credit of the SFMTA.

The information in this Offering Memorandum has been obtained from the SFMTA, the Bank (but solely with respect to the information describing itself under the heading “THE BANK”) and other sources believed to be reliable. The references herein to the Issuing and Paying Agent Agreement, and the Letter of Credit and Reimbursement Agreement (all as hereinafter defined) do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion

in this Offering Memorandum are subject to change without notice after the date hereof and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.

The Bank has no responsibility for the form and content of this Offering Memorandum, other than solely with respect to the information describing itself under the heading “THE BANK,” other than the first paragraph thereunder, and has not independently verified or reviewed, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Offering Memorandum or any information or disclosure contained herein or omitted herefrom, other than solely with respect to the information describing itself under the heading “THE BANK”, other than the first paragraph thereunder.

No Dealer or other person has been authorized by the Agency to give any information or to make any representation other than those contained in this Offering Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by the SFMTA. The information contained herein is not expected to be updated and distributed upon each new sale of Commercial Paper Notes, although the information may be updated and distributed from time to time. See “ADDITIONAL INFORMATION.”

THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

The SFMTA is an enterprise department of the City and a multi-modal transportation agency responsible for planning, designing, constructing, managing, operating and maintaining public transit, paratransit, street and traffic management and improvements, bicycle and pedestrian safety and enhancement programs, on and off-street parking improvements and programs, and the regulation of taxis and commercial vehicles within the City.

THE COMMERCIAL PAPER NOTES

General

The Commercial Paper Notes are issued pursuant to the terms of the Amended and Restated Issuing and Paying Agent Agreement, dated as of September 1, 2013, as amended and restated as of April 1, 2018 (the “*Issuing and Paying Agent Agreement*”), by and between U.S. Bank National Association, as issuing and paying agent, and the SFMTA.

The Commercial Paper Notes are dated the date of their original issuance, will be issued in book- entry form only in denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000, and bear interest at stated interest rates not to exceed 12% per annum. The SFMTA may issue, and have outstanding at any one time, an aggregate principal amount of Commercial Paper Notes up to \$100,000,000.

Each Commercial Paper Note (i) will bear interest payable at maturity at an annual rate (calculated on the basis of actual days elapsed and a year of 365 or 366 days, as applicable) (ii) will mature not more than 270 days after its issuance date, but in no event later than the Business Day immediately preceding the Termination Date of the Letter of Credit, (iii) will be sold at a price of not less than 100% of the principal amount thereof, and (iv) will mature on a Business Day. The Commercial Paper Notes will not be subject to redemption prior to maturity.

The Commercial Paper Notes are fully registered notes registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership interests in the Commercial Paper Notes are available in book-entry form only, and purchasers of the Commercial Paper Notes will not receive certificates representing their interests in the Commercial Paper Notes purchased. While held in book-entry form, all payments of principal of and interest on the Commercial Paper Notes will be made by wire transfer to DTC or its nominee as the sole registered owner of the Commercial Paper Notes. Payments to the beneficial owners are the responsibility of DTC and its participants. See APPENDIX A - “BOOK-ENTRY SYSTEM FOR COMMERCIAL PAPER NOTES.”

Use of Proceeds

The Commercial Paper Notes will be issued from time to time to provide interim financing for lawful expenditures of the SFMTA.

SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES

The Commercial Paper Notes, as they mature, will be paid from funds drawn by the Issuing and Paying Agent under the Letter of Credit issued by the Bank pursuant to the Letter of Credit and Reimbursement Agreement, dated as of April 1, 2018 (the “*Reimbursement Agreement*”), between the SFMTA and the Bank. The Issuing and Paying Agent will draw upon the Letter of Credit in an amount sufficient to pay both principal of and interest on the Commercial Paper Notes when due. Pursuant to the Issuing and Paying Agent Agreement, the SFMTA has covenanted to maintain in effect the Letter of Credit or an Alternate Facility meeting the requirements of the Issuing and Paying Agent Agreement (see “Alternate Facility” below) at all times that Commercial Paper Notes are outstanding.

Timely payment of the Commercial Paper Notes is dependent upon the availability of the funds under the Letter of Credit. If for any reason the Bank fails to honor a properly presented and conforming drawing due under the Letter of Credit, the SFMTA makes no representation, and no assurance can be given, that the SFMTA would have sufficient funds on hand and available to make the corresponding payment of principal and interest on the Commercial Paper Notes. Prospective investors therefore should base their investment decision on the credit standing of the Bank, rather than the SFMTA.

The Letter of Credit and Reimbursement Agreement

Capitalized terms used in this section “The Letter of Credit and Reimbursement Agreement” and not otherwise defined shall have the meaning given to such terms as set forth in the Reimbursement Agreement. In the event of any conflict between a definition set forth herein and the corresponding definition set forth in the Reimbursement Agreement, the definition set forth in the Reimbursement Agreement shall control for purposes of this section “The Letter of Credit and Reimbursement Agreement.”

The following is a description of certain provisions of the Letter of Credit which will be issued on April __, 2018, pursuant to the terms of the Reimbursement Agreement. This description is not to be considered to be a full statement of the provisions thereof and accordingly is qualified by reference thereto and is subject to the full text thereof.

Letter of Credit. The Letter of Credit in place at any time is required to have a stated amount (the “*Stated Amount*”) comprised of a principal component equal to the principal amount of Commercial Paper Notes that may be issued at any one time (the “*Principal Component*”) and an interest component (the “*Interest Component*”) equal to 270 days’ interest on the amount of the Principal Component calculated at an interest rate of 12% per annum on the basis of a 365-day year, the maximum rate on the Commercial Paper Notes. The Stated Amount of the Letter of Credit may be reduced or increased at any time, so long as the SFMTA complies with, and subject to, the terms set forth in the Reimbursement Agreement. The SFMTA may not issue, and have outstanding at any one time, a principal amount of Commercial Paper Notes exceeding the Principal Component of the then-effective Letter of Credit.

At the request of and for the account of the SFMTA, the Bank will issue the Letter of Credit in favor of the Issuing and Paying Agent in the initial Stated Amount of \$108,876,713, comprised of a Principal Component of \$100,000,000 and an Interest Component of \$8,876,713. The Stated Amount of the Letter of Credit will be reduced following, and by the amount of, each drawing made by the Issuing and Paying Agent thereunder that is honored by the Bank. So long as the Bank has not delivered a notice to the Issuing and Paying Agent that an Event of Default under the Reimbursement Agreement has occurred and is continuing, the Stated Amount of the Letter of Credit shall be automatically reinstated following a drawing thereunder by and to the extent of amounts received by the Bank from the Issuing and Paying Agent or by or on behalf of the SFMTA in reimbursement for such drawing; provided, however, that in no event shall the Interest Component be reinstated to an amount in excess of 270 days’ interest (computed at the rate of 12% per annum and on the basis of a 365-day year) on the then applicable Principal Component of the Letter of Credit.

The Letter of Credit shall expire at 5:00 p.m. New York City time on the date (the “*Termination Date*”) which is the earliest of: (i) February __, 2023, as such date may be extended upon delivery of a written notice of extension of the Letter of Credit to the Issuing and Paying Agent (the “*Scheduled Termination Date*”)-, (ii) the date of payment of a drawing, not subject to reinstatement, which when added to all other Drawings honored by the Bank under the Letter of Credit that were not subject to reinstatement as provided in the Letter of Credit, in the aggregate, equals the Stated Amount on the date of issuance of the Letter of Credit or the Stated Amount as adjusted in accordance with the terms thereof; (iii) the date on which the Bank receives a written notice from the Issuing and Paying Agent of its acceptance of an alternate letter of credit in substitution for the Letter of Credit in accordance with the Issuing and Paying Agent Agreement or the date on which there are no longer any Commercial Paper Notes outstanding under the Issuing and Paying Agent Agreement and that the Issuing and Paying Agent elects to terminate the Letter of Credit; or (iv) the earlier of: (a) the date which is the fifteenth (15th) calendar day after the date on which the Issuing and Paying Agent receives a written notice from that Bank that an Event of Default has occurred under the Reimbursement Agreement and requesting the Issuing and Paying Agent to make a final payment drawing pursuant to the Letter of Credit to provide for the payment of the principal of and interest to maturity of all outstanding Commercial Paper Notes which are maturing or to thereafter mature (the “*Final Drawing Notice*”) and (b) the date, following receipt of a Final Drawing Notice, upon which the Issuing and Paying Agent has drawn upon the Letter of Credit the amount required thereby and as permitted under the Letter of Credit and the proceeds of such Drawing have been delivered to the Issuing and Paying Agent.

Reimbursement Agreement. The SFMTA and the Bank will enter into the Reimbursement Agreement pursuant to which the Letter of Credit will be issued.

The occurrence and continuance of any of the following events shall be an “Event of Default” under the Reimbursement Agreement:

(a) The SFMTA shall fail to pay when due to the Bank: (i) the principal of or interest on the Bank Note, any Advance, Term Loan or other Reimbursement Obligation (each as defined in Reimbursement Agreement); *provided, however,* that no failure to pay the interest on the Bank Note, any Advance, Term Loan or any other Reimbursement Obligation when due to the Bank shall constitute an Event of Default if (1) such failure was caused solely by an error or omission of an administrative or operational nature (which shall be demonstrated in writing by the SFMTA to the Bank), (2) the SFMTA had sufficient funds available on such day to make payment when due, and (3) the payment is made within three (3) Business Days after such amount was due; or (ii) any other Obligation (as defined in the Reimbursement Agreement) when due and such failure continues for a period of thirty (30) days; or

(b) Any representation made by the SFMTA in the Reimbursement Agreement has been incorrect in any materially adverse respect when made; or

(c) The SFMTA shall default in the due performance or observance of any of the certain specified terms, covenants or agreements as set forth in the Reimbursement Agreement; or

(d) The SFMTA shall default in the due performance or observance of any other term, covenant or agreement contained in the Reimbursement Agreement (other than those described in paragraph (a), (b) or (c) of this section), and such failure shall remain unremedied for a period of 30 days after the Bank shall have given the SFMTA and the City written notice of such default; provided, that so long as the SFMTA shall be proceeding with due diligence to remedy any default then such 30 day period shall be extended to the extent as shall be necessary to enable the SFMTA to begin and complete the remedying of such default through the exercise of due diligence, provided that such period shall not extend more than ninety (90) days after such notice was given unless the SFMTA provides a written explanation that it has been proceeding with due diligence to cure such default and that additional time is needed to cure such default and the

Bank consents to extending such period, such consent not to be unreasonably withheld; or

(e) The SFMTA or the City shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare or be subject to a moratorium, or shall take any action to authorize any of the foregoing; or a case or other proceeding shall be commenced against the SFMTA or the City seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of ninety (90) consecutive days; or an order for relief shall be entered against the SFMTA or the City under the federal bankruptcy laws as now or hereafter in effect, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of the SFMTA or the City, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, appealed, vacated or fully bonded, within the time permitted by law after commencement, filing or levy, as the case may be; or

(f) The Reimbursement Agreement, any Related Document (as defined in the Reimbursement Agreement) or any material provision thereof, at any time after the execution and delivery thereof, shall, cease to be valid and binding on the SFMTA or the Reimbursement Agreement, any Related Document, or any material provision thereof is contested or repudiated by the SFMTA, the City or any other governmental authority of competent jurisdiction; or

(g) The SFMTA: (i) defaults in any payment of any indebtedness with an outstanding principal amount of \$5,000,000 or more secured by a lien on the Available

Transportation System Revenues on a basis that is senior to, or on a parity with, the Commercial Paper Notes and the Reimbursement Obligations under the Reimbursement Agreement ("*Senior and Parity Secured Debt*"), beyond the period of grace, if any, provided in the instrument or agreement under which such Senior and Parity Secured Debt was created; or (ii) defaults in the observance or performance of any agreement or condition relating to any Senior and Parity Secured Debt with an outstanding principal amount of \$5,000,000 or more or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs or condition exists, the effect of which default, event or condition is to cause, or to permit the holder or holders of such Senior and Parity Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior and Parity Secured Debt to become due prior to its stated maturity; or (iii) defaults in the payment of any indebtedness secured by a lien on the Available Transportation System Revenues on a basis that is subordinate to the Commercial Paper Notes and the Reimbursement Obligations under the Reimbursement Agreement in an outstanding principal amount of \$20,000,000 or more ("*Subordinate Secured Debt*"), beyond the period of grace, if any, provided in the instrument or agreement under which such Subordinate Secured Debt was created; or (iv) defaults in the observance or performance of any agreement or condition relating to any Subordinate Secured Debt in an outstanding principal amount of \$20,000,000 or more or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs or condition exists, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Subordinate Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Subordinate Secured Debt to become due prior to its stated maturity; or

(h) Any security interest created by the Reimbursement Agreement or any of the Related Documents securing the Obligations shall fail to be valid with the priority required under the Reimbursement Agreement; or

(i) The SFMTA shall fail to pay when due an uninsured, final and non-appealable judgment or order against the SFMTA of \$25,000,000 or more which shall be rendered against the SFMTA and such judgment has not been vacated,

discharged, satisfied or stayed by the SFMTA within 60 days (provided that judgments payable in installments or which can be financed or paid with the proceeds of insurance in accordance with the Reimbursement Agreement or which can otherwise be legally satisfied shall be deemed satisfied so long as the SFMTA makes arrangements to satisfy such judgment within a reasonable period of time); or

(j) any of Moody's, S&P or Fitch reduces its long-term unenhanced rating assigned to any Senior Lien Revenue Bonds (as defined in the Reimbursement Agreement) below "Baal" (or its equivalent), "BBB+" (or its equivalent) or "BBB+" (or its equivalent) or any of Moody's, S&P or Fitch shall withdraw or suspend such rating.

Upon the occurrence of an Event of Default, the Bank may, at the same or different times, so long as such Event of Default shall not have been remedied to the sole satisfaction of the Bank, take one or more of the following actions: (i) declare the principal of and interest on all Outstanding Obligations (as defined in the Reimbursement Agreement) to be immediately due and payable; (ii) by notice to the Issuing and Paying Agent, permanently reduce the Stated Amount to the principal amount of Commercial Paper Notes Outstanding plus interest thereon; (iii) by notice to the Issuing and Paying Agent, issue a No Issuance Notice (as defined in the Reimbursement Agreement); (iv) by notice to the Issuing and Paying Agent, issue a Final Drawing Notice (which Final Drawing Notice requires the Issuing and Paying Agent to draw down under the Letter of Credit at least one (1) Business Day prior to the fifteenth (15th) day after receipt of such Final Drawing Notice in an amount equal to the principal amount of all outstanding Commercial Paper Notes plus interest thereon to the scheduled maturity date of such Commercial Paper Notes, terminating the Letter of Credit on the earlier of (x) the date of the Issuing and Paying Agent's receipt of proceeds the drawing required by such Final Drawing Notice and (y) on the 15th day after receipt of such Final Drawing Notice); or (v) proceed to enforce all other remedies available under applicable law and in equity. No reduction in the Stated Amount pursuant to clause (ii) above shall be effective until notice thereof is delivered to, and received by, the Issuing and Paying Agent. Notwithstanding anything to the contrary contained in the preceding sentence, upon the occurrence or existence of an Event of Default of the type described in paragraph (e) above, the remedies described in clauses (i) and (ii) above shall occur immediately and automatically without notice or further action on the part of the Bank or any other person and the remedy described in clauses (iii) and (iv) above shall occur by the giving of notice only to the Issuing and Paying Agent. Anything in Reimbursement Agreement to the contrary notwithstanding, from and after the occurrence an Event of Default, all Obligations shall bear interest at the Default Rate (as defined in the Reimbursement Agreement). Upon any action by the Bank as contemplated in the foregoing clauses (ii), (iii) and (iv), the Stated Amount shall be permanently reduced upon, and by the amount of, each Drawing under the Letter of Credit following the occurrence of an Event of Default.

Alternate Facility

The SFMTA may obtain substitute letter of credit or another type of credit or liquidity facility supporting the Commercial Paper Notes (an "Alternate Facility") to replace the Letter of Credit or Alternate Facility then in effect, so long as (i) there shall be no Commercial Paper Notes

outstanding on the effective date of the replacement Alternate Facility, or the maturing principal and accrued interest on all Outstanding Commercial Paper Notes shall have been fully paid with the proceeds of a draw on the Letter of Credit (or the Alternate Facility to be replaced), in which case, such replacement Alternate Facility may be utilized to support the sale of rollover Commercial Paper Notes on such substitution date, and (ii) the Expiration Date with respect to such Alternate Facility shall be no earlier than the earlier of (x) six (6) months after its date, or (y) the Expiration Date set forth in the Letter of Credit (or Alternate Facility then in effect).

Limited Obligations of the SFMTA

The Commercial Paper Notes are special limited obligations of the SFMTA, payable when due from proceeds of drawings on the Letter of Credit. The Available Transportation System Revenues are pledged to the reimbursement of the Bank for such drawings on a subordinate basis to the SFMTA's pledge of its Transportation System Revenues to the payment of the Senior Lien Revenue Bonds and shall be applied (to the extent available), if for any reason proceeds of such drawings are unavailable, to the payment of principal and interest on the Commercial Paper Notes. For definitions of "Available Transportation System Revenues," "Transportation System Revenues" and "Senior Lien Revenue Bonds," see APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ISSUING AND PAYING AGENT AGREEMENT.

Section 8A.105 of the Charter requires the City to transfer certain moneys to the SFMTA to support the SFMTA's activities. The proceeds of transfers from the City's General Fund to support such activities do not constitute any portion of Available Transportation System Revenues, and the principal of and interest on the Commercial Paper Notes is not payable from the proceeds of such transfers. The SFMTA will not apply the proceeds of such transfers to the payment of principal of and interest on the Commercial Paper Notes, and the City has no obligation to transfer any amounts from the City's General Fund to the SFMTA for the purpose of paying the principal of and interest on the Commercial Paper Notes. ***The Commercial Paper Notes are not secured by any property or other income, receipts or assets of the SFMTA (or the City), except for Available Transportation System Revenues. The General Fund of the City is not liable, and the credit nor the taxing power of the City is pledged, for the payment of the Commercial Paper Notes or the interest thereon.***

THE BANK

The following information has been furnished by the Bank for use in this Offering Memorandum. Such information has not been independently confirmed or verified by the SFMTA. No representation is made herein by the SFMTA as to the accuracy or adequacy of such information subsequent to the date hereof, or that the information contained and incorporated herein by reference is correct. The SFMTA has assumed no obligation to update such information in the future, or to advise of any adverse change in the financial condition of the Bank. Investors are advised to obtain and carefully review any financial reports and other information published after the date hereof about the Bank prior to making a decision of purchase the Commercial Paper Notes.

Sumitomo Mitsui Banking Corporation (*Kabushiki Kaisha Mitsui Sumitomo Ginko*) ("SMBC") is a joint stock corporation with limited liability (*Kabushiki Kaisha*) under the laws of

Japan. The registered head office of SMBC is located at 1-2, Marunouchi 1-chome, Chiyoda ku, Tokyo 100-0005, Japan.

SMBC was established in April 2001 through the merger of two leading banks, The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. (“SMFG”) was established through a stock transfer as a holding company under which SMBC became a wholly-owned subsidiary. **SMFG reported ¥208,147 billion (US\$1.9 trillion) in consolidated total assets as of December 31, 2017.**

SMBC is one of the world’s leading commercial banks and provides an extensive range of banking services to its customers in Japan and overseas. In Japan, SMBC accepts deposits, makes loans and extends guarantees to corporations, individuals, governments and governmental entities. It also offers financing solutions such as syndicated lending, structured finance and project finance. SMBC also underwrites and deals in bonds issued by or under the guarantee of the Japanese government and local government authorities, and acts in various administrative and advisory capacities for certain types of corporate and government bonds. Internationally, SMBC operates through a network of branches, representative offices, subsidiaries and affiliates to provide many financing products, including syndicated lending and project finance.

The New York Branch of SMBC is licensed by the New York State Department of Financial Services to conduct branch banking business at 277 Park Avenue, New York, New York, and is subject to examination by the New York State Department of Financial Services and the Federal Reserve Bank of New York.

Financial and Other Information

Audited consolidated financial statements for SMFG and its consolidated subsidiaries for the fiscal year 2016 ended March 31, 2017, as well as other corporate data, financial information and analyses, are available in English on SMFG’s website at www.smfg.co.jp/english.

The information herein has been obtained from SMBC, which is solely responsible for its content. The delivery of the Offering Memorandum shall not create any implication that there has been no change in the affairs of SMBC since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

THE DEALERS

The SFMTA has appointed Loop Capital Markets LLC and Morgan Stanley and Co. LLC, each as a non-exclusive dealer with respect to the offering and sale of the Commercial Paper Notes.

RATINGS

Moody’s and S&P have each assigned ratings on the Commercial Paper Notes of “[P-1]” and “[A-1+],” respectively. Each of such ratings is based on the understanding that the Letter of Credit has been issued by the Bank. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the agencies at the following addresses: Moody’s Investors Service, Inc., 7 World Trade Center, New York, New York 10007 and Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC

business, 55 Water Street, New York, New York 10004. The SFMTA furnished to such rating agencies certain information and materials regarding the Commercial Paper Notes. In addition, the Bank furnished certain information to such rating agencies regarding the Bank and the Letter of Credit.

There is no assurance such ratings will continue for any given period or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant and, therefore, any prospective purchaser should confirm the ratings prior to purchasing the Commercial Paper Notes. Any such change in or withdrawal of such ratings could have an adverse effect on the market for or market price of the Commercial Paper Notes. The above ratings are not recommendations to buy, sell or hold the Commercial Paper Notes. The SFMTA has not undertaken to provide notice to the holders of the Commercial Paper Notes of any change in the ratings on the Commercial Paper Notes.

The ratings on the Commercial Paper Notes may be adversely affected by a downgrade of the credit ratings of the Bank. Although the SFMTA has covenanted that the Commercial Paper Notes will not mature later than the stated expiration date of the Letter of Credit, it is not obligated to replace the Bank in the event of a downgrade of such Bank's rating. The SFMTA has not covenanted to provide notice to holders of the Commercial Paper Notes of any downgrade of the credit ratings of the Bank.

ABSENCE OF LITIGATION

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 or, to the best of the knowledge of the SFMTA after reasonable investigation, threatened in any way (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Commercial Paper Notes, or (ii) challenging the validity of the Commercial Paper Notes.

TAX MATTERS

Tax Exempt CP Notes

In the opinion of Norton Rose Fulbright US LLP, San Francisco, California, Bond Counsel ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants in the Issuing and Paying Agent Agreements and requirements of the Internal Revenue Code of 1986, as amended, regarding the use, expenditure and investment of proceeds of the Tax Exempt CP Notes and the timely payment of certain investment earnings to the United States, interest on the Tax Exempt CP Notes is not includable in the gross income of the owners of the Tax Exempt CP Notes for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Tax Exempt CP Notes to be included in gross income.

In the further opinion of Bond Counsel, interest on the Tax Exempt CP Notes is not treated as an item of tax preference for purposes of the alternative minimum tax. Although the corporate alternative minimum tax is repealed for taxable years beginning on and after January 1, 2018, for taxable years that began before January 1, 2018, interest on the Tax Exempt CP Notes is included

as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on, tax exempt obligations may result in collateral income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual receipts of Social Security or Railroad Retirement benefits, and taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel's opinion will express no opinion as to any collateral tax consequences and, accordingly, prospective purchasers of the Commercial Paper Notes should consult their tax advisors as to the applicability of any such collateral tax consequences.

Certain requirements and procedures contained or referred to in the Issuing and Paying Agent Agreement or other documents pertaining to the Tax Exempt CP Notes may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax exempt obligations. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the Tax Exempt CP Notes or of any action taken or not taken where such change is made or action is taken or not taken without Bond Counsel's approval, or in reliance upon the advice of counsel other than Bond Counsel with respect to the exclusion from gross income of interest on the Tax Exempt CP Notes for federal income tax purposes.

Information Reporting and Backup Withholding

Interest paid on tax exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not, by itself, affect the excludability of interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Tax Exempt CP Notes to be subject to backup withholding if such interest is paid to beneficial owners that (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

Future Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Tax Exempt CP Notes to be subject, directly or indirectly, to federal income taxation or may cause interest on the Commercial Paper Notes to be subject, directly or indirectly, to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State tax

exemption or the market value of the Commercial Paper Notes. Prospective purchasers of the Commercial Paper Notes should consult their tax advisors regarding any future, pending or proposed federal or State tax legislation, regulations, rulings or litigation, as to which Bond Counsel expresses no opinion.

State Tax Exemption

In the further opinion of Bond Counsel, interest on the Tax-Exempt CP Notes is exempt from personal income taxes imposed by the State of California.

Taxable CP Notes

Interest on the Taxable CP Notes is not excluded from gross income for federal income tax purposes, but, in the opinion of Bond Counsel, interest on the Taxable CP notes is exempt from personal income taxes imposed by the State of California.

The form of opinion of Bond Counsel is attached hereto as Appendix C.

LEGAL MATTERS

Upon the issuance of the Commercial Paper Notes, Norton Rose Fulbright US LLP, San Francisco, California, Bond Counsel, will render the legal opinion described in "TAX MATTERS" above, the form of which is set forth in Appendix C hereto. Bond Counsel is not passing upon, and undertakes no responsibility for, the accuracy, completeness or fairness of the information contained in this Offering Memorandum. Certain legal matters in connection with the Reimbursement Agreement and the Letter of Credit are passed on by Chapman and Cutler LLP, as special United States counsel to the Bank, and Yumoto, Ota & Miyazaki, as special Japanese counsel to the Bank. Certain legal matters in connection with the Commercial Paper Notes are subject to the approval of the City Attorney for the City.

ADDITIONAL INFORMATION

No information concerning the operations or finances of the SFMTA has been provided herein. No attempt is made herein to provide a complete summary of the terms of the referenced Letter of Credit, Reimbursement Agreement or the Issuing Paying Agent Agreement. The descriptions of and reference to such documents contained herein do not purport to be complete, and such references to and descriptions of such documents and all other documents and other items described herein are qualified in their entirety by reference to each such document and item.

No Dealer or other person has been authorized by the SFMTA to give any information or to make any representations other than those contained in this Offering Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by the SFMTA.

The Dealers have provided the following sentence for inclusion in this Offering Memorandum. The Dealers have reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibility to investors under the federal securities law as

applied to the facts and circumstances of this transaction, but the Dealers do not guarantee the accuracy or completeness of such information. **[Confirm]**

The SFMTA maintains a website that contains certain information about its mission and operations. However, the information presented there is not part of this Offering Memorandum and should not be relied upon in making an investment decision with respect to the Commercial Paper Notes.

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The SFMTA maintains a website that contains certain information about its mission and operations. However, the information presented there is not part of this Offering Memorandum and should not be relied upon in making an investment decision with respect to the Commercial Paper Notes.

The execution, delivery and distribution of this Offering Memorandum have been duly authorized by the Board of Directors of the SFMTA.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

By: _____

Director of Transportation

APPENDIX A

BOOK-ENTRY SYSTEM FOR COMMERCIAL PAPER NOTES

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Commercial Paper Notes. The Commercial Paper Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered master Commercial Paper Note certificate in the aggregate principal amount not exceeding \$100,000,000 to secure the Commercial Paper Notes, Series A-1 (Tax-Exempt) under the Reimbursement Agreement has been registered in the name of Cede & Co., as nominee of DTC and has been deposited with DTC. One fully registered master Commercial Paper Note certificate in the aggregate principal amount not exceeding \$100,000,000 to secure the Commercial Paper Notes, Series A-2 (Taxable) under the Reimbursement Agreement has been registered in the name of Cede & Co., as nominee of DTC and has been deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by reference.

Purchases of the Commercial Paper Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Commercial Paper Notes on DTC’s records. The ownership interest of each actual purchaser of each Commercial Paper Note (the “*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant

through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Commercial Paper Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the Commercial Paper Notes, except in the event that use of the book-entry system for the Commercial Paper Notes is discontinued.

To facilitate subsequent transfers, all Commercial Paper Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Commercial Paper Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the identities of the actual Beneficial Owners of the Commercial Paper Notes. DTC's records reflect only the identity of the Direct Participants to whose accounts the Commercial Paper Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Commercial Paper Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Commercial Paper Notes, such as defaults and proposed amendments to the security documents. For example, Beneficial Owners of Commercial Paper Notes may wish to ascertain that the nominee holding the Commercial Paper Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them. **THE SFMTA AND THE ISSUING AND PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE COMMERCIAL PAPER NOTES.**

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Commercial Paper Notes unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the SFMTA as soon as possible after the record date. The "Omnibus Proxy" assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Commercial Paper Notes are credited on the record date (identified in a listing attached to the "Omnibus Proxy").

Payments of principal of and interest on the Commercial Paper Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuing and Paying Agent or the SFMTA on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or

registered in “street name,” and will be the responsibility of such Participants and not of DTC nor of its nominee, the SFMTA or the Issuing and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuing and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Commercial Paper Notes at any time by giving reasonable notice to the SFMTA or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Commercial Paper Note certificates will be printed and delivered.

The SFMTA may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Commercial Paper Note certificates will be printed and delivered.

THE SFMTA AND THE ISSUING AND PAYING AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE COMMERCIAL PAPER NOTES UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE ISSUING AND PAYING AGENT AS BEING AN OWNER WITH RESPECT TO: THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE COMMERCIAL PAPER NOTES; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS; ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS AN OWNER; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE COMMERCIAL PAPER NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OR OWNERS OR REGISTERED HOLDERS OR REGISTERED OWNERS OF THE COMMERCIAL PAPER NOTES SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE COMMERCIAL PAPER NOTES.

The foregoing description of the procedures and recordkeeping with respect to beneficial ownership interests in the Commercial Paper Notes, payment of principal and interest on the Commercial Paper Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Commercial Paper Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

APPENDIX B

**SUMMARY OF CERTAIN PROVISIONS OF THE
ISSUING AND PAYING AGENT AGREEMENT**

APPENDIX B
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SUMMARY OF CERTAIN PROVISIONS OF THE ISSUING AND PAYING AGENT AGREEMENT

The following is a summary of certain provisions of the Issuing and Paying Agent Agreement which are not described elsewhere in this Offering Memorandum. This summary does not purport to be comprehensive and reference should be made to said document for a full and complete statement of its provisions.

Definitions

The following is a summary of certain of the defined terms from the Issuing and Paying Agent Agreement.

“Advance” means an Advance Loan or a Term Loan.

“Advance Loan” means an advance made by the Bank to the Agency on the date and in the amount of a payment made by the Bank under the Letter of Credit pursuant to a Drawing and not reimbursed by the Agency by 5:00 p.m. (New York time) on the day such payment was made.

“Agency” means the San Francisco Municipal Transportation Agency as duly constituted from time to time under the Charter, and all commissions, agencies or public bodies which shall succeed to the powers, duties and obligations of the Agency.

“Alternate Facility” means a Letter of Credit or another type of credit or liquidity facility supporting the Commercial Paper Notes which may be outstanding under the Issuing and Paying Agent Agreement.

“Authorized Agency Representatives” means the Director of Transportation or the Chief Financial Officer of the Agency or the Director of Public Finance of the City, or the respective successors to the powers and duties thereof, or such other person as may be designated to act on behalf of the Agency by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Agency by the Director of Transportation or Chief Financial Officer, or their respective successors in the form as provided in Exhibit C of the Issuing and Paying Agent Agreement.

“Available Transportation System Revenues” means the portion of the Transportation System Revenues remaining after (a) the payments relating to the Senior Lien Revenue Bonds required by the Senior Lien Revenue Bonds Indenture, and (b) all amounts required to be paid under any other indenture or resolution of the Agency for principal, interest, reserve fund and any other debt service requirements on Senior Lien Parity Obligations, as the same become due and payable.

“Bank” means Sumitomo Mitsui Banking Corporation, acting through its New York Branch, or any other entity that provides an Alternate Facility then outstanding and effective under the Issuing and Paying Agent Agreement.

“Bank Note” means the promissory note issued by the Agency to the Bank to evidence the Agency’s obligations under the Reimbursement Agreement and the Fee Agreement.

“Board” means by the Board of Supervisors of the City.

“Bond Counsel” means Norton Rose Fulbright US LLP or such other counsel selected by the City with nationally recognized expertise in municipal finance law, including matters related to the validity and tax-exempt status of interest on obligations of states and their political subdivisions.

“Business Day” means any day other than (i) a Saturday, Sunday or other day on which commercial banks located in New York, New York and San Francisco, California or the city in which is located the office of the Bank at which demands for a draw on the Letter of Credit will be made, are required or authorized by law to close for business, (ii) the New York Stock Exchange is closed or (iii) a legal holiday of the City or any other day the City is authorized by law to be closed for official business.

“Charter” means the Charter of the City and County of San Francisco, as amended and supplemented from time to time, and any new or successor Charter.

“City” means the City and County of San Francisco, a charter city and municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California and the Charter and any public body created after the execution of the Issuing and Paying Agent Agreement which shall be a successor thereto.

“City Treasurer” means the duly elected and acting City Treasurer of the City.

“Closing Costs Requisition” means the written direction or directions of the Agency to pay closing costs of the Commercial Paper Notes from the Closing Costs Account delivered to the Trustee on or after April ____, 2021 pursuant to the Issuing and Paying Agent Agreement.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

“Commitment Expiration Date” shall mean the Scheduled Termination Date, as such term is defined in the Reimbursement Agreement, as such date may be extended from time to time pursuant to the Reimbursement Agreement.

“Commercial Paper Notes” means, collectively, Tax-Exempt Notes and the Taxable Notes.

“Dealer” means each of Loop Capital Markets LLC and Morgan Stanley & Co. LLC, or any successors or assigns permitted under a Dealer Agreement or any other dealer for the Commercial Paper Notes which is appointed by the Agency and has entered into a Dealer Agreement.

“Dealer Agreement” means the Amended and Restated Dealer Agreement, dated as of September 1, 2013, as amended and restated as of April 1, 2018, by and between the Agency and Loop Capital Markets LLC and the Amended and Restated Dealer Agreement, dated as of September 1, 2013, as amended and restated as of April 1, 2018, by and between the Agency and Morgan Stanley & Co. LLC, and any and all modifications, alterations, amendments and

supplements thereto, or any other dealer agreement entered into by the Agency and a Dealer with respect to the Commercial Paper Notes.

“Debt Service Account” means the Debt Service Account established within the Debt Service Fund pursuant to the Issuing and Paying Agent Agreement.

“Debt Service Fund” means the Fund by that name established pursuant to the Issuing and Paying Agent Agreement.

“Director of Public Finance” means the Director of Public Finance of the City or such other officer of the City which may assume responsibility for management of the debt or other similar obligations of the City or any duly authorized designee of the Director of Public Finance or such other officer.

“Enterprise Account” shall mean the Enterprise Account established under the Senior Lien Revenue Bonds Indenture.

“Event of Default” means an Event of Default described in the Issuing and Paying Agent Agreement.

“Expiration Date” means the date of expiration or termination of the 2018 Letter of Credit or any Alternate Facility then in effect.

“Fee Agreement” means the Fee Agreement, dated April ___, 2018, between the Agency and the Bank, as amended and supplemented from time to time.

“Final Drawing Notice” has the meaning set forth in the Reimbursement Agreement.

“Fund” or “Account” shall mean any fund or account established pursuant to the Issuing and Paying Agent Agreement.

“Government Certificates” means evidences of indebtedness or ownership of proportionate interests in future principal and interest payments of Government Obligations, including depository receipts thereof, wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations, (ii) the owner of the Government Certificate is a real party in interest with the right to proceed directly and individually against the obligor of the underlying Government Obligations, and (iii) the underlying Government Obligations are held in trust in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian or any person claiming through the custodian, or any person to whom the custodian may be obligated.

“Government Obligations” mean direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or evidence of ownership in a portion thereof (which may consist of specified portions of interest thereon and obligations of the Resolution Funding Corporation which constitute interest strips) if held by a custodian on behalf of the Issuing and Paying Agent, and obligations the principal and interest on which are unconditionally guaranteed by the United States of America, and rated in a rating category at least as high as obligations of the United States America.

“Holder” or “Commercial Paper Noteholder” means the registered owner of a Commercial Paper Note.

“Issuance Request” means a request made by the Agency, acting through an Authorized Agency Representative, to the Issuing and Paying Agent for the delivery of a Commercial Paper Note or Commercial Paper Notes, the form of which is attached as Exhibit D to the Issuing and Paying Agent Agreement.

“Issuing and Paying Agent” means U.S. Bank National Association, or any successor or assigns permitted under the Issuing and Paying Agent Agreement or any other Issuing and Paying Agent which is appointed by the Agency and has entered into an Issuing and Paying Agent Agreement.

“Issuing and Paying Agent Agreement” means the Amended and Restated Issuing and Paying Agent Agreement, dated as of September 1, 2013, as amended and restated as of April 1, 2018, between the Issuing and Paying Agent and the Agency, as it may from time to time be supplemented, modified or amended in accordance with the provisions thereof.

“Letter of Credit” means, initially, the 2018 Letter of Credit, and, following the expiration or substitution thereof, any letter of credit then in effect and issued by a Bank, which, by its terms, supports the payment of the principal and interest on the Commercial Paper Notes when due.

“Letter of Credit Proceeds Account” means the Letter of Credit Proceeds Account established within the Debt Service Fund pursuant to the Issuing and Paying Agent Agreement.

“Maximum Interest Rate” means 12% per annum.

“Note Depository” means the securities depository for the Commercial Paper Notes appointed as such pursuant to the Issuing and Paying Agent Agreement, and its successors and assigns.

“Note Proceeds” means proceeds of the sale of the Commercial Paper Notes or any moneys, securities or other obligations that may be deemed to be proceeds of the Commercial Paper Notes within the meaning of the Code.

“Obligations” has the meaning set forth in the Reimbursement Agreement.

“Offering Memorandum” means the Offering Memorandum relating to the Commercial Paper Notes dated April __, 2018.

“Outstanding” when used as of a particular time with reference to Commercial Paper Notes, means all Commercial Paper Notes delivered under the Issuing and Paying Agent Agreement except:

(a) Commercial Paper Notes cancelled by the Issuing and Paying Agent or surrendered to the Issuing and Paying Agent for cancellation;

(b) Commercial Paper Notes that are paid or deemed to be paid within the meaning set forth in the Issuing and Paying Agent Agreement; and

(c) Commercial Paper Notes in lieu of or in substitution for which replacement Commercial Paper Notes shall have been issued by the Agency and delivered by the Issuing and Paying Agent under the Issuing and Paying Agent Agreement.

“Parity Obligations” means any evidences of indebtedness for borrowed money issued from time to time by the Agency under any contractual obligation with a lien on Available Transportation System Revenues on a parity with the Commercial Paper Notes and the Obligations, including but not limited to bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation therein or loans from financial institutions or governmental agencies.

“Paying Agent” means, with respect to the Commercial Paper Notes, the Issuing and Paying Agent or each person or entity, if any, designated as such by the Agency in the Issuing and Paying Agent Agreement, and its successors and assigns and any other person or entity which may at any time be substituted for it pursuant thereto.

“Permitted Investments” means and includes any of the following, if and to the extent the same are at the time legal for the investment of the Agency’s money (*provided* that the Issuing and Paying Agent shall be entitled to rely upon any investment directions from the Agency as conclusive certification to the Issuing and Paying Agent that the investments described therein are so authorized under the laws of the State of California and are Permitted Investments):

- (a) Government Obligations and Government Certificates.
- (b) Obligations issued or guaranteed by any of the following:
 - (i) Export-Import Bank of the United States;
 - (ii) Farmers Home Administration;
 - (iii) Federal Farm Credit System;
 - (iv) Federal Financing Bank;
 - (v) Federal Home Loan Bank System;
 - (vi) Federal Home Loan Mortgage Corporation;
 - (vii) Federal Housing Administration;
 - (viii) Federal National Mortgage Association;
 - (ix) Government National Mortgage Association;
 - (x) Private Export Funding Corporation
 - (xi) Resolution Funding Corporation;

- (xii) Student Loan Marketing Association; and
- (xiii) any other instrumentality or agency of the United States.

(c) Prerefunded municipal obligations rated at the time of purchase of such investment in the highest rating category by the Rating Agencies then rating the Commercial Paper Notes and meeting the following conditions:

(i) such obligations are: (A) not subject to redemption prior to maturity or the Issuing and Paying Agent has been given irrevocable instructions concerning their calling and redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal and premium payments of such obligations;

(iii) the principal of and interest on such Government Obligations or

(iv) Government Certificates (plus any cash in the escrow fund with respect to such prerefunded obligations) are sufficient to meet the liabilities of the obligations;

(v) the Government Obligations or Government Certificates serving as

(vi) security for the obligations have been irrevocably deposited with and are held by an escrow agent or trustee; and

(vii) such Government Obligations or Government Certificates are not

(viii) available to satisfy any other claims, including those against the trustee or escrow agent.

(d) Direct and general long-term obligations of any state of the United States of America or the District of Columbia (a "State") to the payment of which the full faith and credit of such State is pledged and that are rated at the time of purchase of the investment in either of the two highest rating categories by the Rating Agencies then rating the Commercial Paper Notes.

(e) Direct and general short-term obligations of any State to the payment of which the full faith and credit of such State is pledged and that are rated at the time of purchase of the investment in the highest rating category by the Rating Agencies then rating the Commercial Paper Notes.

(f) Interest-bearing demand or time deposits or overnight bank deposits with, or banker's acceptances from, state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") including those of the Issuing and Paying Agent or any of its affiliates. Such deposits must be at least one of the following: (i) continuously and fully insured by FDIC; (ii) if they have a maturity of one year or less, with or issued by banks that are rated in one of the two highest short term rating categories by the Rating Agencies then rating the Commercial Paper Notes; (iii) if they have a maturity longer than one year, with or issued by banks that are rated at the time of purchase of the investment in one of the

two highest rating categories by the Rating Agencies then rating the Commercial Paper Notes; or (iv) fully secured by Government Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party must have a perfected first lien in the Government Obligations and Government Certificates serving as collateral, and such collateral must be free from all other third party liens.

(g) Long-term or medium-term corporate debt guaranteed by any corporation that is rated at the time of purchase of the investment in one of the two highest rating categories by the Rating Agencies then rating the Commercial Paper Notes.

(h) Repurchase agreements, including those of the Issuing and Paying Agent or any of its affiliates, longer than one year with financial institutions such as banks or trust companies organized under State or federal law, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation, or with a dealer or parent holding company that is rated at the time of purchase of the investment “AA” or better by the Rating Agencies then rating the Commercial Paper Notes. The repurchase agreement must be in respect of Government Obligations and Government Certificates or obligations described in paragraph (b) of this definition.

(i) Prime commercial paper of a corporation, finance company or banking institution rated at the time of purchase of the investment in the highest short-term rating category by the Rating Agencies then rating the Commercial Paper Notes.

(j) State or public agency or municipality obligations rated at the time of purchase of the investment in the highest credit rating category by the Rating Agencies then rating the Commercial Paper Notes.

(k) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, as amended, or shares in a regulated investment company, as defined in Section 851 (a) of the Code, that is a money market fund that has been rated in the highest rating category by the Rating Agencies then rating the Commercial Paper Notes.

(l) Money market mutual accounts of any state or federal bank, or bank whose holding parent company is, rated in the top two short-term or long-term rating categories by the Rating Agencies then rating the Commercial Paper Notes, including such funds for which the Issuing and Paying Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Issuing and Paying Agent or an affiliate of the Issuing and Paying Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Issuing and Paying Agent or an affiliate of the Issuing and Paying Agent receives fees from funds for services rendered, (ii) the Issuing and Paying Agent collects fees for services rendered pursuant to the Issuing and Paying Agent Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such

funds and pursuant thereto may at times duplicate those provided to such funds by the Issuing and Paying Agent or an affiliate of the Issuing and Paying Agent.

(m) Investment agreements the issuer of which is rated at the time of purchase of the investment “AA” or better by the Rating Agencies then rating the Commercial Paper Notes.

(n) The City and County of San Francisco Treasurer’s Investment Pool.

(o) Any other debt or fixed income security specified by an Authorized Agency Representative and rated at the time of purchase of the investment in the highest short-term rating category or one of the three highest long-term rating categories by the Rating Agencies then rating the Commercial Paper Notes.

“Principal Office” means the office of the Issuing and Paying Agent designated in writing to the Agency.

“Project” means any lawful expenditure of the Agency.

“Project Costs” means, collectively, the Tax-Exempt Project Costs and the Taxable Project Costs.

“Project Fund” means the Fund by that name established pursuant to the Issuing and Paying Agent Agreement.

“Rating Agencies” means the rating agencies providing a rating on the Commercial Paper Notes.

“Rebate Fund” means the Fund by that name established pursuant to the Issuing and Paying Agent Agreement.

“Reimbursement Agreement” means (i) the Letter of Credit and Reimbursement Agreement, dated as of April 1, 2018, between the Agency and the Bank, as amended, supplemented and modified from time to time, in accordance with the provisions thereof, and (ii) any similar document entered into with respect to the issuance of a subsequent Alternate Facility. All references to obligations of the Agency under the Reimbursement Agreement and the Fee Agreement in the Issuing and Paying Agent Agreement shall be deemed to include the Agency’s obligations under the Bank Note.

“Senior Lien Parity Obligations” means the Senior Lien Revenue Bonds, including the Series 2012 Bonds, the Series 2013 Bonds, the Series 2014 Bonds and the Series 2017 Bonds, and any evidences of indebtedness for borrowed money issued from time to time by the Agency under the Senior Lien Revenue Bonds Indenture, including but not limited to bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation therein or loans from financial institutions or governmental agencies. Senior Lien Parity Obligations may also include any other obligation, including but not limited to Repayment Obligations (as defined in the Senior Lien Revenue Bonds Indenture) and other contractual obligations, entered into by the Agency pursuant to the terms of the Issuing and Paying Agent

Agreement with a lien on Pledged Revenues on a parity with the lien on Transportation System Revenues securing the Senior Lien Revenue Bonds.

“Senior Lien Revenue Bonds” means all bonds outstanding on April ___, 2018 or thereafter issued by the Agency with a pledge or lien on Transportation System Revenues senior to the lien on Available Transportation System Revenues securing the Commercial Paper Notes and the Obligations, including without limitation the Series 2012 Bonds, the Series 2013 Bonds, the Series 2014 Bonds and the Series 2017 Bonds.

“Senior Lien Revenue Bonds Indenture” means the Indenture of Trust, dated as of July 1, 2012, as supplemented from time to time, including by the First Supplemental Indenture of Trust, dated as of July 1, 2012, the Second Supplemental Indenture of Trust, dated as of December 1, 2013, the Third Supplemental Indenture of Trust, dated as of December 1, 2014 and the Fourth Supplemental Indenture of Trust, dated as of June 1, 2017, each by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

“Series 2012 Bonds” means the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012A and the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012B, issued pursuant to the Senior Lien Revenue Bonds Indenture.

“Series 2013 Bonds” means the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2013, issued pursuant to the Senior Lien Revenue Bonds Indenture.

“Series 2014 Bonds” means the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2014, issued pursuant to the Senior Lien Revenue Bonds Indenture.

“Series 2017 Bonds” means the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2017, issued pursuant to the Senior Lien Revenue Bonds Indenture.

“Supplemental Agreement” means any Supplemental Agreement authorized by the Issuing and Paying Agent Agreement.

“Tax Certificate” means the Tax Certificate, dated as of its date, concerning certain matters pertaining to the use and investment of proceeds of the Commercial Paper Notes, executed by the Agency on the date of issuance of the Commercial Paper Notes, including any and all exhibits attached thereto.

“Tax-Exempt Notes” means the San Francisco Municipal Transportation Agency Commercial Paper Note Series A-1 (Tax-Exempt) in the form set forth in Exhibit A of the Issuing and Paying Agent Agreement.

“Tax-Exempt Project Costs” means costs and expenses incurred or to be incurred by the Agency for the Project that are permitted under the Code.

“Taxable Notes” means the San Francisco Municipal Transportation Agency Commercial Paper Note Taxable Series A-2 (Taxable) in the form set forth in Exhibit B of the Issuing and Paying Agent Agreement

“Taxable Project Costs” means costs and expenses incurred or to be incurred by the Agency for the Project.

“Term Loan” means the unpaid principal amount of an Advance Loan deemed to be a loan by the Bank to the Agency pursuant to the Reimbursement Agreement.

“Transportation System Revenues” means the Pledged Revenues, as defined in the Senior Lien Revenue Bonds Indenture, which definition, as of April ___, 2018, provides the following (all defined terms in the following definition shall have the meaning set forth in the Senior Lien Revenue Bonds Indenture): Pledged Revenues shall mean all revenue of the SFMTA from or with respect to its management, supervision, operation and control of the Transportation System of the City, as determined in accordance with generally accepted accounting principles. Pledged Revenues shall include, but not be limited to, (i) grants or transfers funded pursuant to the Transportation Development Act (Sections 99200 et seq. of the California Public Utilities Code) and AB 1107 (Sections 29140 et seq. of the Public Utilities Code) and (ii) SFMTA parking meter revenues (but only to the extent Bonds or other Parity Obligations have financed traffic regulation and control functions). Pledged Revenues shall not include: (a) Special Facility Revenue and any interest income or profit realized from the investment thereof, unless such receipts or a portion thereof are designated as Pledged Revenues by the SFMTA, (b) grants or contributions, which by their terms would be restricted to uses inconsistent with the payment of the Bonds, (c) any state or federal grant (except for grants or transfers funded pursuant to the Transportation Development Act or AB 1107) unless such grant by its terms may be used to pay debt service and is designated as Pledged Revenues in a Supplemental Indenture or certificate of an Authorized SFMTA Representative, (d) any amounts transferred to the SFMTA from the City’s General Fund and any amounts in the SFMTA General Fund Transfer Account or (e) SFMTA parking meter revenues allocable to all or a portion of any Bonds or Parity Obligations that have not financed traffic regulation and control functions.

“2018 Letter of Credit” means the Irrevocable Letter of Credit, dated April ___, 2018, issued by the Bank to the Issuing and Paying Agent pursuant to the terms of the Reimbursement Agreement to support the Commercial Paper Notes.

THE ISSUING AND PAYING AGENT AGREEMENT

The following is a summary of certain provisions of the Issuing and Paying Agent Agreement.

General Authorization and Issuance; the Commercial Paper Notes

Authorized Amount of Commercial Paper Notes; Terms and Description of Commercial Paper Notes. Under the Issuing and Paying Agent Agreement the Agency authorized the issuance from time to time on a revolving basis of its “San Francisco Municipal Transportation Agency Commercial Paper Notes Series A-1 (Tax-Exempt)” (the “Tax-Exempt Notes”) and its “San Francisco Municipal Transportation Agency Commercial Paper Note Series A-2 (Taxable)” (the “Taxable Notes” and, together with the Tax-Exempt Notes, the “Commercial Paper Notes”). The Commercial Paper Notes shall be issued to finance and refinance the Project Costs. Proceeds of Commercial Paper Notes may be used to repay the Bank for draws on the Letter of Credit used to

pay principal and interest due on any maturing Commercial Paper Notes and may be used to repay the Bank for principal or interest due on the Bank Note under the Reimbursement Agreement. The aggregate principal amount of Commercial Paper Notes that may be Outstanding at any one time under the Issuing and Paying Agent Agreement shall not at any time exceed \$100,000,000.

The Commercial Paper Notes shall be dated the date of their respective authentication and issuance; shall be issued in registered form, shall be issued in denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof. The Commercial Paper Notes (i) shall bear interest payable at maturity at an annual rate (calculated on the basis of the actual number of days elapsed and a year consisting of 365 or 366 days, as applicable), not to exceed the Maximum Interest Rate, (ii) shall mature on a Business Day not more than 270 days after their respective dates, but in no event later than the Business Day immediately preceding the Commitment Expiration Date (*provided, however*, that, subject to the terms of the Reimbursement Agreement relating to the issuance of Commercial Paper Notes, the Agency or Dealer shall not issue any Commercial Paper Note or Commercial Paper Notes with a maturity shorter than three (3) days from the date of issuance without the Bank's prior written consent), and (iii) shall be sold by a Dealer pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof. The stated interest rate, maturity date and other terms of each Commercial Paper Note shall be as set forth in the Issuance Request required by the Issuing and Paying Agent Agreement directing the issuance of such Commercial Paper Note; provided that such Issuance Request is consistent with the terms thereof.

The Commercial Paper Notes shall not be subject to redemption prior to maturity. The definitive Commercial Paper Notes shall be numbered in such manner as the Issuing and Paying Agent may deem appropriate.

The Agency and the Issuing and Paying Agent may deem and treat the registered owner of Commercial Paper Notes in registered form as the absolute owner thereof (whether or not such Commercial Paper Note shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuing and Paying Agent), for the purpose of receiving payment thereof or on account thereof and for all other purposes, and neither the Agency nor the Issuing and Paying Agent shall be affected by any notice to the contrary.

Payment. The Agency covenants to duly and punctually pay or cause to be paid, from draws on the Letter of Credit or from the proceeds of the sale of Commercial Paper Notes, the principal of and interest on each and every Commercial Paper Note when due, as described in the Issuing and Paying Agent Agreement.

The principal of and the interest on the Commercial Paper Notes shall be payable at the Principal Office of the Issuing and Paying Agent on or before the close of business on any Business Day upon which such Commercial Paper Notes have become due and payable, *provided* that such Commercial Paper Notes are presented and surrendered on a timely basis. Upon presentation of such a Commercial Paper Note to the Issuing and Paying Agent by 9:00 a.m. (New York City time) on a Business Day, payment for such Commercial Paper Note shall be made by the Issuing and Paying Agent in immediately available funds on such Business Day. If a Commercial Paper Note is presented for payment after 9:00 a.m. (New York City time) on a Business Day, payment

therefor may be made by the Issuing and Paying Agent on the next succeeding Business Day without the accrual of additional interest thereon.

Notwithstanding the provisions of the previous paragraph, in the event the Commercial Paper Notes are issued as a master note or master notes in book-entry form, they shall be payable at maturity without physical presentation or surrender in accordance with the procedures of the Note Depository.

Funds and Accounts; Application of Note Proceeds

Establishment and Designation of Funds and Accounts. The Issuing and Paying Agent Agreement establishes the following Funds and Accounts, which the Issuing and Paying Agent shall hold in accordance with the terms thereof:

(a) The Project Fund, and within such Project Fund, subaccounts known as the “Tax-Exempt Account of the Project Fund” and the “Taxable Account of the Project Fund;”

(b) A Debt Service Fund, and within such Debt Service Fund, (1) a Letter of Credit Proceeds Account, into which proceeds of draws on the Letter of Credit shall be deposited and from which the principal and interest coming due on maturing Commercial Paper Notes shall be paid (all draw proceeds of the Letter of Credit shall be held in the Letter of Proceeds Account and no other amounts shall be commingled in such Account), and (2) a Debt Service Account, which shall receive deposits of proceeds from the sale of Commercial Paper Notes and deposits of Available Transportation System Revenues, and from which the Issuing and Paying Agent shall reimburse the Bank for draws under the Letter of Credit, make payments to the Bank for Advances, and transfer amounts to the Project Fund; and

(c) A Closing Costs Account.

Deposit of Proceeds of Commercial Paper Notes. Immediately upon receipt thereof, the Issuing and Paying Agent shall deposit the proceeds of the sale of any Commercial Paper Notes into the Debt Service Account. Such amount, together with any amount paid by the Agency for deposit into such Debt Service Account shall be applied in the following order:

First: to reimburse the Bank for any draws made under the Letter of Credit;

Second: to make payments on outstanding Advances, as directed in writing by the Agency; and

Third: if so directed by the Agency, for transfer to the Project Fund.

Deposits Into and Uses of the Letter of Credit Proceeds Account and the Debt Service Account. The Issuing and Paying Agent shall make information available to the Agency and the Bank on the Issuing and Paying Agent’s Securities Processing Automated Notes System on or before [5:00 p.m.] (New York City time), on the Business Day prior to the maturity date of each Commercial Paper Note, as to the total amount of principal and interest due on such maturity date. Except as provided below, the principal of and interest coming due on maturing Commercial Paper Notes shall be paid with the proceeds of a draw on the Letter of Credit.

On or before [11:30 a.m.] (New York City time) on the maturity date of each maturing Commercial Paper Note, the Issuing and Paying Agent shall submit to the Bank a request to draw an amount under the Letter of Credit sufficient to pay the principal of and interest coming due on each maturing Commercial Paper Note. The Issuing and Paying Agent shall deposit the proceeds of such draw directly into the Letter of Credit Proceeds Account and shall apply such proceeds to pay the principal of and interest coming due on each maturing Commercial Paper Note on or before [2:00 p.m.] (New York City time) on such maturity date.

On or before [3:00 p.m.] (New York City time) on the date of any draw on the Letter of Credit pursuant to the Issuing and Paying Agent Agreement, the Agency shall transfer to the Issuing and Paying Agent Available Transportation System Revenues from the Enterprise Account in an amount sufficient, together with all other amounts on deposit in the Debt Service Account, to reimburse the Bank for such draw. The Issuing and Paying Agent shall deposit such Available Transportation System Revenues, if any, into the Debt Service Account, and thereafter shall transfer by wire funds from the Debt Service Account in the amount necessary to reimburse the Bank for the draw on the Letter of Credit by [3:30 p.m.] (New York City time) on the date of such draw.

If the Agency shall so direct, the Issuing and Paying Agent shall transfer funds on deposit in the Debt Service Account to the Project Fund.

If, on the maturity date of any Commercial Paper Note, the Bank fails to honor a draw under the Letter of Credit, the Agency shall transfer to the Issuing and Paying Agent on or before [2:00 p.m.] (New York City time) for deposit into the Debt Service Account sufficient funds from Available Transportation System Revenues, together with any other amounts on deposit in the Debt Service Account, to pay in full each maturing Commercial Paper Note on such date, which funds the Issuing and Paying Agent shall so deposit and shall so apply.

If, on the maturity date of any Commercial Paper Note, the Bank fails to honor a draw under the Letter of Credit and other amounts available to the Issuing and Paying Agent (including proceeds from the sale of new Commercial Paper Notes) are not sufficient to pay the principal and interest due on such Commercial Paper Note, then the Agency shall transfer to the Issuing and Paying Agent sufficient funds from Available Transportation System Revenues to pay in full each maturing Commercial Paper Note on such date.

Draws Under the Letter of Credit. As a beneficiary of the Letter of Credit, the Issuing and Paying Agent agrees to take such action as necessary so as to assure timely payment under the Letter of Credit (to the extent permitted by law) for the payment, from time to time, of the Commercial Paper Notes. On or before each maturity date for any Commercial Paper Note, in the manner described in the Issuing and Paying Agent Agreement, an authorized officer of the Issuing and Paying Agent shall present all required drawing certificates and accompanying documentation, if required, to the Bank and demand payment be made under the Letter of Credit on such maturity date at such time and in such amount so as to be timely and sufficient to pay the entire amount of principal becoming due on all Commercial Paper Notes on such date; *provided*, that in each case, any certificates of the Issuing and Paying Agent shall be signed by one who states therein that such person is a duly authorized officer of the Issuing and Paying Agent. All draw proceeds of the Letter

of Credit shall be held in the Letter of Credit Proceeds Account and no other amounts shall be commingled in such Account).

Upon the Issuing and Paying Agent's receipt of a Final Drawing Notice, the Issuing and Paying Agent shall draw on the Letter of Credit as promptly as possible and in any event no later than one (1) Business Day prior to the 15th day after receipt of such Final Drawing Notice, in an amount at least equal to the principal of and interest accrued and to accrue until the scheduled maturity date on all outstanding Commercial Paper Notes.

Application of Moneys in Project Fund. Moneys in the Tax-Exempt Account of the Project Fund shall be applied to the payment of the Tax-Exempt Project Costs, and Moneys in the Taxable Account of the Project Fund shall be applied to the Taxable Project Costs, and moneys in either subaccount of the Project Fund shall be applied to the payment of the administrative costs related to the Commercial Paper Notes, including but not limited to the fees and expenses of the Dealers, the Issuing and Paying Agent, the Rating Agencies, the Bank and any other attorneys, consultants or service providers.

Application of Moneys in Closing Costs Account. On or after April ____, 2018, the Agency shall transfer to the Issuing and Paying Agent for deposit into the Closing Costs Account an amount sufficient to pay the closing costs of the Commercial Paper Notes detailed in the Closing Costs Requisition or Requisitions, and the Issuing and Paying Agent shall pay such costs from the Closing Costs Account as provided in the Closing Costs Requisition.

Investments Authorized. Money held by the Issuing and Paying Agent in any fund or account under the Issuing and Paying Agent Agreement shall be invested by the Issuing and Paying Agent in Permitted Investments pending application as provided therein solely at the written direction of an Authorized Agency Representative, shall be registered in the name of the Issuing and Paying Agent where applicable, as Issuing and Paying Agent, and shall be held by the Issuing and Paying Agent. Money held in any fund, account, or subaccount thereunder (other than the Rebate Fund) may be commingled for purposes of investment only; *provided, however*, that each fund, account, or subaccount held by the Issuing and Paying Agent thereunder shall be accounted for separately and *provided, further*, that moneys in the Debt Service Account and the Letter of Credit Proceeds Account shall not be invested or commingled. The Issuing and Paying Agent shall have no duty to determine whether any investment direction received from the Agency complies with the requirements of these investment restrictions or requirements. The Issuing and Paying Agent may elect, but shall not be obligated, to credit the Note Payment Account established hereunder with funds representing income or principal payments due on, or sales proceeds due in respect of, assets in such account, or to credit to such Note Payment Account assets intended to be purchased with such funds, in each case before actually receiving the requisite funds from the payment source, or to otherwise advance funds for transactions hereunder. Notwithstanding anything else in the Issuing and Paying Agent Agreement, (i) any such crediting of funds or assets shall be provisional in nature, and the Issuing and Paying Agent is authorized to reverse or offset any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in the Issuing and Paying Agent Agreement shall constitute a waiver of any of U.S. Bank National Association's rights as a securities intermediary under Uniform Commercial Code §9-206. The Issuing and Paying Agent may also set-off and deduct

funds in any account under the Issuing and Paying Agent Agreement with respect to deposits that have been credited to such account but are subsequently returned unpaid or reversed.

Moneys Remaining in Funds and Accounts. At any time there are no Commercial Paper Notes Outstanding or any amounts outstanding under the Reimbursement Agreement, the Agency may withdraw moneys from any Fund or Account established by the Issuing and Paying Agent Agreement by written direction to the Issuing and Paying Agent. Upon receipt of such a written request, the Issuing and Paying Agent shall deliver any amounts so specified to, or upon the order of, the Agency.

Covenants; Representations

No Arbitrage. The Agency shall not take, nor permit to be taken by the Issuing and Paying Agent or otherwise, any action which, if such action had been reasonably expected to have been taken or had been deliberately and intentionally taken on the date of the issuance of any Tax-Exempt Notes, would have caused such Tax-Exempt Notes to be “arbitrage bonds” within the meaning of Section 148(a) of the Code and Regulations. To that end, the Agency will comply with all requirements of Section 148 of the Code to the extent applicable to the Tax-Exempt Notes. In the event that at any time the Agency is of the opinion that for purposes of the Issuing and Paying Agent Agreement it is necessary to restrict or to limit the yield on the investment of any moneys held thereunder, the Agency shall take such action as may be necessary in accordance with such opinion.

Rebate to United States. The Agency will pay or cause to be paid to the United States Government the amounts required by Section 148(f) of the Code and any Regulations promulgated thereunder at the times required thereby. To further the satisfaction of such rebate requirement, Issuing and Paying Agent Agreement creates the Rebate Fund, to be held by the Issuing and Paying Agent as a separate fund for the Tax-Exempt Notes distinct from all other funds and accounts held by the Issuing and Paying Agent under the Issuing and Paying Agent Agreement. The Issuing and Paying Agent shall hold any payments received from the Agency for deposit into the Rebate Fund for purposes of ultimate rebate to the United States, all as more particularly described in the Tax Certificate. Pending payment to the United States, moneys held in the Rebate Fund are thereby pledged to secure such payments to the United States as provided therein and in the Tax Certificate, and neither the Agency, the Holders nor any other person shall have any rights in or claim to such moneys. The Issuing and Paying Agent shall invest all amounts held in the Rebate Fund as directed in writing by an Authorized Agency Representative in Nonpurpose Investments (as defined in the Tax Certificate), as directed by the Agency in the Tax Certificate.

Computations of the rebate amount and all calculations under the Issuing and Paying Agent Agreement and the Tax Certificate shall be furnished by or on behalf of the Agency. The Issuing and Paying Agent shall be deemed conclusively to have complied with the provisions of the Issuing and Paying Agent Agreement if it follows the payment directions of the Authorized Agency Representative. The Issuing and Paying Agent shall have no liability or responsibility to enforce compliance by the Agency with the Tax Certificate. The Issuing and Paying Agent shall have no obligation to pay any amounts required to be rebated pursuant to the Issuing and Paying Agent Agreement, other than from moneys required to be held in the funds and accounts created thereunder, including the Rebate Fund, or from other moneys provided to it by the Agency.

The Agency and the Issuing and Paying Agent shall keep and retain, for a period of three (3) years following the retirement of the Tax-Exempt Notes, records of the determinations made pursuant to the Issuing and Paying Agent Agreement.

Tax Covenant. The Agency shall not use or knowingly permit the use of any proceeds of the Commercial Paper Notes or any other funds of the Agency, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Tax-Exempt Notes being treated as an obligation not described in Section 103(a) of the Code. Without limiting the generality of the foregoing, the Agency will comply with all the requirements and covenants contained in the Tax Certificate. This covenant shall survive the payment in full or defeasance of the Commercial Paper Notes.

Letter of Credit. Under the Issuing and Paying Agent Agreement the Agency covenants to maintain in effect a Letter of Credit or an Alternate Facility meeting the requirements of the Issuing and Paying Agent Agreement at all times that Commercial Paper Notes are Outstanding.

Representations and Warranties of The Agency. The Agency warrants and represents to Issuing and Paying Agent, and, each request to issue Commercial Paper Notes shall constitute the Agency's continuing warranty and representation, as follows:

(a) The Issuing and Paying Agent Agreement is, and all Commercial Paper Notes delivered to the Issuing and Paying Agent pursuant to the Issuing and Paying Agent Agreement will be, duly authorized, executed and delivered by the Agency. The Issuing and Paying Agent's appointment to act for the Agency under the Issuing and Paying Agent Agreement is duly authorized by the Agency.

(b) The issuance and delivery of the Commercial Paper Notes will not violate any state or federal law and the Commercial Paper Notes do not require registration under the Securities Act of 1933, as amended.

(c) The Issuing and Paying Agent Agreement constitutes, and the Commercial Paper Notes, when completed, countersigned, and delivered pursuant hereto, will constitute, the Agency's legal, valid and binding obligations enforceable against the Agency in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

(d) The Agency has, and at all relevant times has had, all necessary power and authority to execute, deliver and perform the Issuing and Paying Agent Agreement and to issue the Commercial Paper Notes.

(e) The Agency has taken all actions which are required for the authorization of the issuance of the Commercial Paper Notes, and for the authorization, execution, delivery and performance of the Issuing and Paying Agent Agreement, and such actions do not require the approval or consent of any holder or trustee of any indebtedness or obligations of the Agency.

(f) The issuance of Commercial Paper Notes by the Agency (i) does not and will not contravene any provision of any governmental law, regulation or rule applicable to the Agency,

and (ii) does not and will not conflict with, breach or contravene the provisions of any contract or other instrument binding upon the Agency.

(g) Each Issuance Request given to the Issuing and Paying Agent in accordance with the Issuing and Paying Agent Agreement shall constitute a representation and warranty by the Agency that the issuance and delivery of such Commercial Paper Note(s) have been duly and validly authorized by the Agency.

Pledge of Available Transportation System Revenues

Pledge of Available Transportation System Revenues; Trust Estate. Principal and interest payments on the Commercial Paper Notes shall be secured by a pledge of, first lien on and security interest in, and, to the extent not paid from proceeds from the sale of Commercial Paper Notes or proceeds of draws on the Letter of Credit, shall be paid exclusively from, the Available Transportation System Revenues. Additionally, the payment of all Obligations under the Reimbursement Agreement and the Fee Agreement are secured by a pledge of, first lien and security interest in the Available Transportation System Revenues on parity with the lien on Available Transportation System Revenues securing the Commercial Paper Notes. The Available Transportation System Revenues deposited in the Enterprise Account established under the Senior Lien Revenue Bonds Indenture shall constitute a trust fund for the security and payment of the principal amount of and interest on the Commercial Paper Notes and obligations to the Bank under the Reimbursement Agreement and the Fee Agreement, on a *pari passu* basis; *provided, however*, that the lien on such trust fund shall be subordinate at all times to the lien on the Pledged Revenues established under the Senior Lien Revenue Bonds Indenture for the benefit of the holders of the Senior Lien Revenue Bonds. Under the Issuing and Paying Agent Agreement the Agency grants a first lien and charge on and security interest in, assigns, transfers, pledges and grants and conveys to the Holders and the holders of any other Parity Obligations and the Bank with respect to Obligations under the Reimbursement Agreement and the Fee Agreement, the following property:

(a) amounts on deposit from time to time in the Funds and Accounts created pursuant to the Issuing and Paying Agent Agreement, including the earnings thereon, subject to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth in the Issuing and Paying Agent Agreement, provided, however, that the duties and obligations of the Issuing and Paying Agent under the Issuing and Paying Agent Agreement are solely to the Agency;

(b) amounts constituting Available Transportation System Revenues in the Enterprise Account or otherwise available; and

(c) any and all other property of any kind from time to time conveyed, pledged, assigned or transferred, as and for additional security under the Issuing and Paying Agent Agreement for the Commercial Paper Notes.

The pledge of the Available Transportation System Revenues and other moneys and property described above shall be irrevocable until all of the Commercial Paper Notes have been paid and retired and all obligations of the Agency under the Issuing and Paying Agent Agreement, the Reimbursement Agreement and the Fee Agreement, without priority or distinction of one over the other, except as expressly provided by the Issuing and Paying Agent Agreement, have been

met. Such pledge shall be valid and binding from and after the date of the Issuing and Paying Agent Agreement and all Available Transportation System Revenues shall immediately be subject to the lien of such pledge as and when received by the Agency, without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency.

All Commercial Paper Notes issued under the Issuing and Paying Agent Agreement and at any time Outstanding shall be equally and ratably secured with all Parity Obligations, with the same right, lien, preference and priority with respect to Available Transportation System Revenues, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity thereof or otherwise. Notwithstanding the foregoing, amounts drawn under the Letter of Credit or an Alternate Facility with respect to particular Commercial Paper Notes and all other amounts held in Funds or Accounts established with respect to particular Commercial Paper Notes pursuant to the provisions thereof shall be applied solely to make payments on such particular Commercial Paper Notes.

The Commercial Paper Notes are special, limited obligations of the Agency payable solely from Available Transportation System Revenues of the Agency, from moneys held in certain Funds and Accounts established under the Issuing and Paying Agent Agreement, and draws on the Letter of Credit or an Alternate Facility. The General Fund of the City is not liable for the payment of principal or interest on the Commercial Paper Notes, and neither the credit nor the taxing power of the City is pledged to the payment of principal or interest on the Commercial Paper Notes. The Commercial Paper Notes 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 Agency or any of its income or receipts, except Available Transportation System Revenues as provided in the Issuing and Paying Agent Agreement.

Events of Default and Remedies of Commercial Paper Noteholders

Events of Default. Each of the following shall constitute an “Event of Default”:

(a) if default shall be made in the due and punctual payment of the principal of any Commercial Paper Notes when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Commercial Paper Notes when and as such interest installment shall become due and payable;

(c) if material default shall be made by the Agency in the performance or observance of any other of the material covenants, agreements or conditions on its part in the Issuing and Paying Agent Agreement or in the Commercial Paper Notes contained, and such material default shall have continued for a period of sixty (60) days after written notice thereof, specifying such material default and requiring the same to be remedied, shall have been given to the Agency by the Issuing and Paying Agent; or

(d) if the Bank shall have declared an Event of Default under the Reimbursement Agreement.

If the Bank becomes insolvent or for any reason fails to honor a properly presented and conforming draw under the Letter of Credit or Alternate Facility and there is a default in the payment of principal or interest on the Commercial Paper Notes as provided in subsections (a) or (b) above, the Issuing and Paying Agent shall declare the principal of the Commercial Paper Notes Outstanding and the interest accrued thereon to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable, anything in the Issuing and Paying Agent Agreement or in the Commercial Paper Notes or in the Reimbursement Agreement contained to the contrary notwithstanding.

Upon the Issuing and Paying Agent's receipt of the Bank's declaration of an Event of Default as described in subsection (d) above and a Final Drawing Notice, the Issuing and Paying Agent shall draw on the Letter of Credit no later than one (1) Business Day prior to the 15th day after receipt of such Final Drawing Notice in an amount at least equal to the principal of and interest accrued and to accrue until the scheduled maturity date on all outstanding Commercial Paper Notes. The Issuing and Paying Agent shall deposit such amounts in the Letter of Credit Proceeds Account and shall pay the principal and interest on Commercial Paper Notes as they come due.

Upon the Issuing and Paying Agent's receipt from the Agency or the Bank of a written notice identified therein as a No Issuance Notice, the Issuing and Paying Agent shall promptly discontinue the issuance of Commercial Paper Notes. After the receipt of a No Issuance Notice, the Issuing and Paying Agent may resume the issuance of the Commercial Paper Notes only upon receipt of prior written notice from the Bank that the No Issuance Notice has been rescinded.

Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case, subject to the provisions of the Issuing and Paying Agent Agreement described below in “—Bank to Control Remedies,” any Holder of any Commercial Paper Note at the time Outstanding and the Bank shall be entitled to proceed to protect and enforce such Holder's rights or the Bank's rights, as the case may be, by such appropriate judicial proceeding as such enforcer shall deem most effectual to protect and enforce any such right, whether by mandamus or other suit or proceeding at law or in equity, for the specific performance of any covenant or agreement contained in the Issuing and Paying Agent Agreement, or in aid of the exercise of any power granted therein, or to enforce any other legal or equitable right. The provisions of the Issuing and Paying Agent Agreement shall be a contract with the Bank and with each and every Holder of Commercial Paper Notes, and the duties of the Agency and of the Board shall be enforceable by the Bank (subject to the requirements of the Issuing and Paying Agent Agreement) or any Commercial Paper Noteholder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Remedies Not Exclusive. No remedy in the Issuing and Paying Agent Agreement conferred upon the Bank or the Holders of Commercial Paper Notes is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given thereunder or now or thereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Bank (subject to the requirements of the Issuing and Paying Agent Agreement) or the Holder of any one or more of the Commercial Paper Notes.

Bank to Control Remedies. So long as the Bank is not insolvent and has not failed to honor a properly presented and conforming drawing under the Letter of Credit, no remedy (other than the right of the Holders of the Commercial Paper Notes to declare an acceleration thereof and the right of the Issuing and Paying Agent to request a draw under the Letter of Credit) under the Issuing and Paying Agent Agreement with respect to the Commercial Paper Notes may be pursued without the prior written consent of the Bank. The Bank shall have the right to direct the Issuing and Paying Agent to pursue any right, power, or remedy available thereunder.

Waiver of Events of Default. No Event of Default with respect to the Commercial Paper Notes shall be waived pursuant to the Issuing and Paying Agent Agreement unless after such waiver the Letter of Credit shall have been reinstated and shall be in full force and effect.

Miscellaneous

Supplemental Agreements. The Agency may modify or amend the Issuing and Paying Agent Agreement and the rights and obligations of the Bank and the Holders of Commercial Paper Notes and the Agency thereunder at any time by a supplemental agreement, without notice to or the consent of the Bank or any Commercial Paper Noteholder, but only to make such provisions for the purpose of (i) curing any ambiguity or formal defect or omission therein, (ii) curing, correcting or supplementing any defective provision contained in the Issuing and Paying Agent Agreement which may be inconsistent with any provision therein, or to make any other provisions with respect to matters or questions arising thereunder which shall not have a material adverse effect on the Holders or the Bank, (iii) granting or conferring upon the Holders and the Bank any additional rights, remedies, powers or authority that may be lawfully granted or conferred, (iv) securing additional revenues or providing additional security for the payment of any Commercial Paper Notes and the Bank Note, (v) complying with requirements of the Code, in order to satisfy the covenants of the Issuing and Paying Agent Agreement, (vi) adding requirements the compliance of which is required by a Rating Agency in connection with issuing or maintaining a rating on the Commercial Paper Notes and (vii) making any change or addition to the Issuing and Paying Agent Agreement which, in the opinion of Bond Counsel, shall not have a material adverse effect on the interests of the Holders or the Bank. The Agency shall also have the right to make any change or addition thereto with the consent of the Bank. The Agency shall provide a copy of any such amendment to the Bank promptly upon its execution.

Alternate Facility. Notwithstanding anything contained in the Issuing and Paying Agent Agreement to the contrary, the Agency may obtain an Alternate Facility to replace a Letter of Credit (or Alternate Facility) then in effect so long as (i) there shall be no Commercial Paper Notes outstanding on the effective date of said replacement Alternate Facility, or the maturing principal and accrued interest on all Outstanding Commercial Paper Notes shall have been fully paid with the proceeds of a draw on the Letter of Credit (or Alternate Facility) to be replaced (in which case, such replacement Alternate Facility may be utilized to support the sale of rollover Commercial Paper Notes on such substitution date), and (ii) the Expiration Date with respect to such replacement Alternate Facility shall be no earlier than the earlier of (x) six (6) months after its date, or (y) the Expiration Date set forth in the Letter of Credit (or Alternate Facility) then in effect. The following are further conditions to the Issuing and Paying Agent's ability to release an existing Letter of Credit and accept an Alternate Facility:

(a) The Agency shall deliver written notice of the proposed Alternate Facility to the Issuing and Paying Agent, the Bank, the City and each Dealer not less than 30 days prior to the substitution date.

(b) An opinion or opinions of counsel to the successor Bank shall be delivered to the effect that the Alternate Facility is a legal, valid and binding obligation of the issuing Bank and is enforceable against the Bank in accordance with its terms.

(c) An opinion of Bond Counsel shall be delivered to the Issuing and Paying Agent to the effect that the substitution of a Letter of Credit is authorized under the Issuing and Paying Agent Agreement and will not, in and of itself, adversely affect the exclusion from gross income for federal tax purposes of interest on the Tax-Exempt Notes.

Defeasance of Commercial Paper Notes. Commercial Paper Notes shall be deemed to have been paid in full, and the obligation of the Agency thereunder to have ceased, terminated and become void and completely discharged and satisfied, if payment of the principal of, and interest on the Commercial Paper Notes shall have been provided for by irrevocably depositing with the Issuing and Paying Agent in trust and irrevocably setting aside exclusively for such payment (a “Defeasance Escrow”): (i) moneys sufficient to make such payment, and/or (ii) Government Obligations, in each case, in an amount sufficient, with reinvestment, to pay when due the principal amount of the Commercial Paper Notes, including accrued interest thereon; *provided*, that such Defeasance Escrow shall be funded solely by a draw on the Letter of Credit or the Issuing and Paying Agent shall have received an opinion of counsel to the effect that the moneys funding such Defeasance Escrow would not constitute a voidable preference in the event of a bankruptcy under the United States Bankruptcy Code.