File No. 160465 Committee Item No. 13
Board Item No. 20

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget & Finance Committee **Date** May 25, 2016

Board of Supervisors Meeting **Date** June 7, 2016

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Completed by: Linda Wong **Date** May 20, 2016
Completed by: Linda Wong **Date** May 31, 2016

[Revenue Bonds - Municipal Transportation Agency - Not to Exceed $207,000,000]

Resolution authorizing the sale, issuance, and execution of one or more series of San Francisco Municipal Transportation Agency Revenue Bonds, in an amount not to exceed $207,000,000, which includes up to $45,000,000 for the Mission Bay Component; and up to $162,000,000 for other projects, such as the light rail vehicle procurement, the Van Ness Transit Improvement Project, and for various financing costs; approving the form of certain financing documents including the official statement, the bond purchase contract, the fourth supplement to indenture of trust, and continuing disclosure certificate; authorizing the taking of appropriate actions in connection therewith, as defined herein; and related matters approving the forms of documents relating thereto; approving the maximum interest thereon; and finding that a portion of the proposed revenue bond issuance is not a project under the California Environmental Quality Act ("CEQA"), and adopting findings under CEQA, CEQA Guidelines, and San Francisco Administrative Code, Chapter 31, for the remaining portion of the proposed bond issuance; and related matters.

WHEREAS, The San Francisco Municipal Transportation Agency (the "SFMTA") desires to finance the costs of certain transportation projects including, but not limited to the following SFMTA capital improvement programs: Muni Transit Safety and Spot Improvements, Complete Street Capital Improvements, Facility Improvements, Transit Fixed Guideway Improvements, Pedestrian Safety and Traffic Signal Improvements and Muni Light Rail Vehicle Procurement (collectively, the "Project"); and

WHEREAS, Pursuant to Section 8A.102(b)(13) of the Charter (the "Charter") of the City and County of San Francisco (the "City"), the Board of Supervisors of the City and County of

San Francisco (the "Board") may authorize the issuance of revenue bonds by the Board of Directors (the "Board of Directors") of the SFMTA without voter approval for any SFMTA-related purpose and secured solely by SFMTA revenues, such revenue bonds to be issued and sold in accordance with state law, the Charter or any procedure provided for by ordinance; and

WHEREAS, Pursuant to the procedures outlined in Article XIII of Chapter 43 of the San Francisco Administrative Code (the "Code"), the Board of Directors may issue revenue bonds authorized in accordance with the Charter (the "SFMTA Revenue Bonds"); and

WHEREAS, The SFMTA desires to issue revenue bonds to fund the Project; and

WHEREAS, The SFMTA desires to enter into a form of Bond Purchase Contract (the "Purchase Contract") with the underwriter to be named therein for the purpose of selling the revenue bonds; and

WHEREAS, The SFMTA has been presented with the form of certain documents related to the revenue bonds, including the Fourth Supplement, the Purchase Contract, the Preliminary Official Statement, and the Continuing Disclosure Certificate (all as defined below, and collectively, the "Financing Documents"), and the SFMTA has examined each document and desires to approve, authorize and direct the execution of such documents and the consummation of such financing; and

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

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

Section 1. <u>Recitals.</u> All of the recitals herein are true and correct.

Section 2. <u>Approval and Authorization of SFMTA Revenue Bonds.</u> The issuance by the Board of Directors of the SFMTA Revenue Bonds in one or more series for the purposes of acquiring, constructing, improving and developing facilities under the jurisdiction of the SFMTA funding a reserve fund, paying costs of issuance and other incidental costs, is approved as required by Section 43.13.4 of the Code. The total principal amount of the SFMTA Revenue Bonds issued from time to time shall not exceed the aggregate principal amount of $207,000,000, which includes up to $45,000,000 for the Mission Bay Component (as defined below in Section 11); and up to $162,000,000 for other projects, such as the light rail vehicle procurement, the Van Ness Transit Improvement Project, and for various financing costs.

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

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

Section 5. <u>Approval of the Fourth Supplement and Authorization of the Trustee.</u> The form of a fourth supplement to indenture of trust (the "Fourth Supplement") between the SFMTA and U.S. Bank, as trustee or such other trustee selected by the Director of Transportation of the SFMTA or her/his designee (collectively, the "Director"), copies of which are on file with the Clerk of the Board under File No. 160465 is approved, with such changes, additions, and modifications as the Director may make or approve in accordance with Section 9 hereof.

Section 6. <u>Approval of Bond Purchase Contract relating to the SFMTA Revenue Bonds.</u> The form of a bond purchase contract relating to the SFMTA Revenue Bonds (the "Bond Purchase Contract"), a copy of which is on file with the Clerk of the Board under File No.

160465 is approved, with such changes, additions, and modifications as the Director may make or approve in accordance with Section 9 hereof.

Section 7. Approval of the Official Statement in Preliminary and Final Form. The form of an official statement relating to the SFMTA Revenue Bonds (the "Official Statement"), a copy of which is on file in preliminary form with the Clerk of the Board under File No. 160465 is approved, with such changes, additions and modifications as the Director may make or approve in accordance with Section 9 hereof.

Section 8. Approval of the Continuing Disclosure Certificate. The form of a continuing disclosure certificate of the City (the "Continuing Disclosure Certificate"), a copy of which is on file with the Clerk of the Board under File No. 160465 is approved, with such changes, additions, and modifications as the Director may make or approve in accordance with. Section 9 hereof.

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

Section 10. Modification of Financial Covenants. Notwithstanding anything to the contrary in this resolution, the Director, with the advice of the financial advisors to the SFMTA, may modify the financial covenants set forth in the Financial Documents, including but not limited to budget and revenue covenants, additional debt covenants and the definition of "Pledged Revenues" to the extent such revisions are deemed necessary or desirable by the Director for the issuance of the SFMTA Revenue Bonds based on advice from the SFMTA's financial advisors.

Section 11. CEQA. This Board makes the following findings in compliance with the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq. (CEQA), the CEQA Guidelines, 15 Cal. Administrative Code Sections 15000 et seq., (CEQA Guidelines), and San Francisco Administrative Code Chapter 31 (Chapter 31). The following three projects proposed to be funded with this Bond have been reviewed as required by CEQA.

A. Light Rail Vehicle (LRV) Procurement. As set forth in Resolution No. 16-044 of the SFMTA Board of Directors, dated April 5, 2016, the Department of City Planning has determined that a portion of the LRV Procurement is statutorily exempt under CEQA and the proposed LRVs for the Central Subway Project were reviewed as part of the Central Subway Final Supplemental EIS/EIR, certified by the Planning Commission on August 7, 2008, which findings and conclusions were adopted by the SFMTA Board of Directors on August 19, 2008; by Resolution No. 08-150, the SFMTA Board of Directors found that since the certification of the Central Subway Final Supplemental EIS/EIR, there have been no substantial project changes, no substantial changes in project circumstances, and no new information that would change the conclusions set forth in the Central Subway Final Supplemental EIS/EIR requiring additional environmental review under CEQA.

B. Van Ness Transit Improvement Project (also known as the Van Ness BRT Project). As set forth in Resolution No. 16-044 of the SFMTA Board of Directors, dated April 5, 2016, on September 10, 2013, the San Francisco County Transportation Authority (Authority) Board certified the Van Ness BRT Final EIS/EIR, and on September 17, 2013, the SFMTA Board of

Directors adopted Resolution No. 13-214, approving the Van Ness BRT Project and adopting the CEQA Findings and Statement of Overriding Considerations for the Van Ness BRT Final EIS/EIR, and subsequently affirmed, after considering a memorandum and an addendum to the Final EIS/EIR prepared by the Authority, that no additional environmental review is required under Public Resources Code section 21166 with respect to the Van Ness BRT Project for the proposed Bond issuance.

C. Mission Bay Component. As set forth in Resolution No. 16-044 of the SFMTA Board of Directors, dated April 5, 2016, the San Francisco Commission on Community Investment and Infrastructure (CCII) certified the Final Subsequent Environmental Impact Report (FSEIR) for the Golden State Warriors (GSW) Event Center and Mixed Use Development at Mission Bay Blocks 29-32 (referred to herein as the "Mission Bay Component"), as being in compliance with CEQA and made CEQA findings; on November 3, 2015, under Resolution No. 15-154, the SFMTA Board adopted CEQA findings and took various approval actions with respect to the Mission Bay Component; the Board of Supervisors, acting as the legislative body to the CCII, affirmed the certification in response to an appeal of the FSEIR by Motion M15-178 on December 8, 2015; by Resolution No. 16-044, the SFMTA Board of Directors found that since the certification of the GSW FSEIR, there have been no substantial project changes, no substantial changes in project circumstances, and no new information that would change the conclusions set forth in the GSW FSEIR requiring additional environmental review under CEQA.

As to the three projects discussed in paragraphs A, B and C above, the Board of Supervisors incorporates the factual statements and affirms all findings contained in Resolution No. 16-044 of the SFMTA Board of Directors, dated April 5, 2016.

D. That except as to the three projects discussed in paragraphs A, B and C above, this Board finds that the issuance of the SFMTA Revenue Bonds by the SFMTA is not subject to CEQA because as the establishment of a government financing mechanism that does not identify individual specific projects to be constructed with the funds, it is not a project as defined by CEQA and the CEQA Guidelines and that the SFMTA shall consult with the City Attorney as to necessary CEQA findings and determinations with respect to any project prior to the expenditure of bond proceeds. Further, this Board incorporates and adopts the findings of the SFMTA Board of Directors in Resolution No.16-044 that the City will not proceed with any such project until it is fully compliant with CEQA and the City retains absolute discretion with respect to any such specific project to modify the project to mitigate specific impacts, select feasible alternatives to avoid impacts, reject the project due to significant environmental impacts, or approve the project notwithstanding significant environmental impacts on a finding that the economic and social benefits of the project outweigh the adverse environmental impacts.

Section 12. The Controller, the Director, the Clerk of the Board, the City Attorney and any and all other officers of the City are hereby authorized to approve and make such modifications, changes or additions to the forms of Fourth Supplement, the Bond Purchase Contract, the Official Statement, and the Continuing Disclosure Certificate, upon consultation with the City Attorney, as may be necessary or desirable in the interests of the SFMTA, and which changes do not materially increase the obligations of the SFMTA under the Fourth Supplement, the Bond Purchase Contract, the Official Statement, and the Continuing Disclosure Certificate. Approval of such modifications, changes or additions shall be conclusively evidenced by the execution and delivery by the Controller, the Director, or the Clerk of the Board, as the case may be, of the applicable document. Any such actions are solely intended to further the purposes of this Resolution, and are subject in all respects to the terms of the Resolution. No such actions shall increase the risk to the SFMTA or require the SFMTA to spend any resources not otherwise granted herein. Final versions of any such documents shall be provided to the Clerk of the Board for inclusion in the official file within 30 days of execution (or as soon thereafter as final documents are available) by all parties.

Section 13. The Board finds and declares that the proposed Bond issuance is (i) in conformity with the priority policies of Section 101.1(b) of the San Francisco Planning Code, (ii) in accordance with Section 4.105 of the San Francisco Charter and Section 2A.53(f) of the San Francisco Administrative Code, and (iii) consistent with the City's General Plan, and adopts the findings of the Planning Department, as set forth in the General Plan Referral Report dated April 25, 2016, a copy of which is on file with the Clerk of the Board

Section 14. All actions authorized and directed by this Resolution, consistent with any documents presented herein, and heretofore taken are hereby ratified, approved and confirmed by this Board.

Section 15. All documents referenced herein as being on file with the Clerk of the Board are located in File No. 160465, which is hereby declared to be a part of this Resolution as if set forth fully herein.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: ______________________
MARK D. BLAKE
Deputy City Attorney
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Items 12 and 13 Files 16-0464 and 16-0465	Department: San Francisco Municipal Transportation Agency (SFMTA)

EXECUTIVE SUMMARY

Legislative Objective

File 16-0464: Ordinance appropriating $207,000,000 of revenue bond proceeds for transportation projects, equipment, debt service reserve and financing costs.

File 16-0465: Resolution authorizing the SFMTA to issue not-to-exceed $207,000,000 in revenue bonds, approving related financing documents and making CEQA determinations.

Key Points

- Proposition A, approved by San Francisco voters in 2007, authorized SFMTA to issue revenue bonds to finance transit, parking and other capital improvement projects, subject to Board of Supervisors' approval. In 2012, SFMTA issued $37,960,000 to refund outstanding revenue bonds and $25,835,000 to finance transit and parking projects.
- The SFMTA's second issuance of bonds in 2013 and 2014 for $162,636,058 included $150,000,000 to fund capital projects for (1) pedestrian safety and transit signals, (2) street and bicycle projects, (3) transit system improvements, (4) parking garage and Muni facility improvements, and (5) light rail vehicle procurement.

Fiscal Impact

- On the proposed $207 million revenue bonds, annual true interest costs would be approximately 4.32%. Estimated total debt service is $385.4 million, of which $178.4 million is interest. Assuming two issuances, the requested bonds will add between $11 million to $16 million in additional annual debt service. Combining prior debt with the new $207 million of debt, the annual debt service would range from $17.8 million to $26.1 million.
- SFMTA will repay the bonds from annual pledged gross revenues of $626.3 million in FY 2015-16, from passenger fares, traffic and taxis fees, permits, parking meters and parking garages, and other SFMTA operating revenues. However, repayment of the $35 million for the transportation improvements related to the Warriors project will be reimbursed from the Mission Bay Transportation Improvement Fund.
- According to SFMTA's debt policy, aggregate annual debt service on long-term debt should not exceed five percent of SFMTA's annual operating expenses. Based on SFMTA's financial projections, combined annual debt service on the previous and proposed revenue bonds would not exceed 2.8 percent of annual operating expenses over the 30-year term.

Recommendation

- Approve the proposed resolution and ordinance.

MANDATE STATEMENT

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

Charter Section 9.105 requires Board of Supervisors' approval of amendments to the Annual Appropriation Ordinance after the Controller certifies the availability of funds.

BACKGROUND

SFMTA's Prior Issuance of Debt

In 2007 San Francisco voters approved Proposition A, amending the Charter to add Section 8A.102, authorizing SFMTA to issue revenue bonds and other forms of indebtedness without further voter approval, subject to Board of Supervisors' approval. SFMTA did not request Board of Supervisors approval to issue debt until 2012, instead funding capital projects on a cash basis with available federal, state and local grants, San Francisco County Transportation Authority (SFCTA) sales tax revenues (Proposition K, which authorized a ½ cent sales tax to pay for transportation projects), and SFMTA operating funds.

2012 Revenue Bonds

In April 2012 the Board of Supervisors approved (a) an ordinance amending the City's Administrative Code authorizing SFMTA to issue revenue bonds (File 11-1354), (b) a resolution authorizing the first issuance of up to $80,000,000 in SFMTA revenue bonds (File 11-1341), and (c) an ordinance appropriating $75,235,000 of the revenue bond proceeds (Files 12-0242 and 12-0243). In July 2012, the SFMTA issued and appropriated $63,795,000 of the 2012 revenue bonds as summarized in Table 1 below.

Table 1: 2012 SFMTA Revenue Bonds

Series 2012	Amount	Purpose
2012 Series A Parking Garage Refunding Revenue Bonds	$37,960,000	Refunded bonds previously issued by San Francisco Parking Authority and three non-profit parking corps (Ellis-O'Farrell, Downtown, and Uptown).
2012 Series B Revenue Bonds	25,835,000	System wide transit access and reliability projects, Muni Metro projects, light rail facility rehabilitation, radio replacement and parking projects.
Total	**$63,795,000**	

Because the difference of $16,205,000 between the authorized Series 2012 Revenue Bonds of up to $80,000,000 and the actual bond issuance of $63,795,000 was due to changes in financing rather than project costs, SFMTA cannot use this previous authorization for future issuances. As of April 2016, SFMTA reports that all of the 2012 Series A and B revenue bond proceeds were expended as budgeted, except for $57,278 reallocated to SFMTA's radio replacement project and $7,000 for additional parking garage projects.

2013 Commercial Paper

In 2013, the SFMTA Board of Directors approved a five-year $3.06 billion capital improvement plan for FY 2013-17. In July 2013, the Board of Supervisors approved SFMTA's issuance of $100,000,000 in commercial paper[1] to provide interim financing for SFTMA's capital program. According to Ms. Sonali Bose, SFMTA Chief Financial Officer, to date, the SFMTA has not issued any commercial paper.

2013 and 2014 Revenue Bonds

In September 2013 the Board of Supervisors approved a second issuance of a not to exceed $165 million SFMTA revenue bonds and appropriated these revenue bond proceeds, including $150 million for SFMTA project costs (Files 13-0866 and 13-0861). Chapter 43, Article XIII of the City's Administrative Code authorizes the SFMTA Board of Directors to issue authorized revenue bonds in one or more series on one or more dates. The SFMTA split this revenue bond authorization into two sales as summarized in Table 2 below.

Table 2: 2013 and 2014 Revenue Bond Proceeds

Projects	2013 Bonds	2014 Bonds	Total
Pedestrian Safety/ Transit Signal Improvements	$5,437,587	$11,000,000	$16,437,587
Street Capital Improvements (Bicycle Projects)	9,000,000	15,227,540	24,227,540
Transit Fixed Guideway Improvements	28,562,413	---	28,562,413
Muni Transit System Safety and Improvements	11,000,000	16,500,000	27,500,000
Facility Improvements	8,500,000	30,000,000	38,500,000
Muni Light Rail Vehicle Procurement	12,500,000	2,272,460	14,772,460
Total SFMTA Project Costs	**$75,000,000**	**$75,000,000**	**$150,000,000**
Debt Service Reserve and Issuance Costs	7,243,319	5,392,739	12,636,058
Total Revenue Bond Issuances	**$82,243,319**	**$80,392,739**	**$162,636,058**

Of the total $150 million of 2013 and 2014 bond proceeds available for SFMTA project funding, SFMTA reports expending a total of $52,241,849, leaving a remaining balance of $97,758,151, as summarized in Table 3 below. Of the remaining balance of approximately $98 million, the SFMTA anticipates expending approximately $25 million by December 2016 and the remaining $73 million by December 2017. SFMTA also advises that $13.5 million of the funds appropriated for Transit Fixed Guideway Improvements need to be redirected to Islais Creek Phase II Facility Improvements, after SFMTA informs the SFMTA Bond Oversight Committee and SFMTA Board.

[1] Commercial paper is a form of short-term interim financing for capital projects that permits the City to pay project costs on an ongoing basis. Commercial paper has a fixed maturity of up to 270 days and provides for refinancing with subsequent issuances of commercial paper or debt, such as bonds. Commercial paper can reduce overall borrowing costs because commercial paper interest rates are typically lower than long-term interest rates.

Table 3: Expenditures to Date from $150 Million 2013 and 2014 Bonds

Projects	Total Bond Proceeds	Expenditures To Date	Remaining
Pedestrian Safety/ Transit Signal Improvements	$16,437,587	$3,414,033	$13,023,554
Street Capital Improvements (Bicycle Projects)	24,227,540	2,756,898	21,470,642
Transit Fixed Guideway Improvements	28,562,413	10,478,066	18,084,347
Muni Transit System Safety and Improvements	27,500,000	7,357,273	20,142,727
Facility Improvements	38,500,000	19,008,090	19,491,910
Muni Light Rail Vehicle Procurement	14,772,460	9,227,489	5,544,971
Total	**$150,000,000**	**$52,241,849**	**$97,758,151**

SFMTA Outstanding Debt

Based on the SFMTA's previous issuances in 2012, 2013 and 2014, the SFMTA has issued a total of $226.4 million of revenue bonds to refinance debt and finance transportation capital projects. Since each issuance, SFMTA has made annual debt service payments on these bonds. As shown in Table 4 below, SFMTA currently has $185,835,000 of outstanding revenue bonds, with existing debt extending to 2044.

Table 4: Outstanding SFMTA Debt

Bond Series Issuance	Outstanding Debt	Final Maturity of Bonds
2012A	$24,600,000	2032
2012B	25,835,000	2042
2013	67,725,000	2033
2014	67,675,000	2044
Total	**$185,835,000**	

In FY 2016-17, SFMTA anticipates expending $16.6 million for debt service on the outstanding debt. As SFMTA debt is front loaded such that debt service payments are higher in the earlier years, existing annual debt service costs will decrease to $13.3 million in FY 2022 -23 and $7.3 million in FY 2033-34.

Revenue Bond Oversight Committee

In 2011, the SFMTA Board of Directors approved a SFMTA Bond Oversight Committee, comprised of seven members, to oversee the spending of bond proceeds and inform the Board of Directors and the public on the status of the projects funded by debt. The SFMTA Bond Oversight Committee has issued annual reports for FY 2012-13, FY 2013-14 and FY 2014-15.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution (File 16-0465):

(1) Authorizes the issuance of not-to-exceed $207,000,000 aggregate principal amount of revenue bonds in one or more series on one or more dates by the SFMTA to finance certain transportation related projects, a reserve fund if advisable, and issuance costs.

(2) Authorizes the revenue bonds to be sold in either competitive or negotiated sale.

(3) Approves a maximum interest rate of 12% per year on the bonds.

(4) Approves the fourth supplement to the indenture of trust agreement between SFMTA and U.S. Bank as trustee.

(5) Approves the form of certain financing documents, including the official notice of sale, notice of intention to sell bonds, the bond purchase contract, official statement in preliminary and final form and continuing disclosure certificate.

(6) Authorizes modifications to these financial documents as deemed necessary by the SFMTA Director based on advice from SFMTA's financial advisors and the Director, Controller, City Attorney or other City officials to take necessary actions to accomplish the purposes of this resolution, without increasing the City's risk or expenditures.

(7) Makes specific findings for three projects in compliance with the California Environmental Quality Act (CEQA).

The proposed ordinance (File 16-0464) would appropriate the $207,000,000 of SFMTA Revenue Bond proceeds to the SFMTA to fund $190 million of transportation capital projects as well as debt service reserve, bond issuance and auditor costs as shown in Table 5 below.

Table 5: Sources and Uses

Sources	**Amount**
Par Amount	$207,000,000
Total Sources	**$207,000,000**
Uses	
SFMTA Capital Projects	$190,000,000
Debt Service Reserve Fund	14,620,000
Costs of Issuance	2,000,000
City Services Auditor (0.2% of Capital Projects)	380,000
Total Uses	**$207,000,000**

The appropriation ordinance would place the entire $207 million on Controller's Reserve pending the actual sale of the SFMTA revenue bonds. According to Ms. Bose, she anticipates one or two issuances, depending on the timing of capital project needs for the SFMTA and pending resolution of litigation regarding the Warriors project.

SFMTA's financial advisors will determine whether the proposed bonds can be issued without a debt service reserve fund. If necessary, the debt service reserve would be funded from the bond proceeds, held by the bond trustee and used to pay debt service if SFMTA's revenues pledged to pay debt service are insufficient. The debt service reserve will be the lesser of (a) maximum annual debt service, (b) 125 percent of average annual debt service, or (c) 10 percent of the outstanding principal amount of the bonds.

Revenue bond issuance costs include the fees for the co-financial advisors, co-bond counsel, disclosure counsel, underwriters and their counsel, rating agency fees, and other expenses related to the issuance of the requested bonds.

SFMTA would allocate $190,000,000 in bond proceeds to the following three capital projects:

Table 6: SFMTA Capital Project Fund Allocation

SFMTA Capital Projects	Allocation
Light Rail Vehicle Procurement	$107,000,000
Van Ness Bus Rapid Transit Project	48,000,000
Mission Bay Transportation Capital Improvements	35,000,000
Total	**$190,000,000**

These three projects are included in the SFMTA's five-year FY 2017-21 capital improvement plan. The bond funds will pay for project development and capital costs for:

- Light Rail Vehicle (LRV) Procurement: In 2014, the Board of Supervisors approved a 15-year contract between SFMTA and Siemens to purchase up to 260 new LRVs to replace and expand the Muni fleet at a cost up to $1.2 billion (File 14-0882). The funding sources identified to pay for this Siemens LRV contract included approximately $107 million from the requested SFMTA revenue bonds.
- Van Ness Bus Rapid Transit Project: This dedicated transit-only lane and timed traffic signals on Van Ness Avenue will reduce bus travel times, increase transit reliability and improve safety on this 2-mile corridor. Beginning in 2016 with the replacement of underground sewer, water and electrical systems, this 3-year capital project is estimated to cost $190 million, including funding sources from the requested $48 million SFMTA revenue bonds.
- Mission Bay Transportation Capital Improvements, are associated with the Golden State Warriors event center and mixed-use development at Mission Bay Blocks 29-32, including construction of a new center boarding platform for the T-Third Street line with crossover tracks, transit and traffic signals, and other related improvements to increase transit capacity and reduce walking distance to the Warriors arena and UCSF Hospital. These Warriors-related transportation improvements are estimated to cost a total of $61.9 million, including funding sources of $35 million from the requested SFMTA revenue bonds.

Total estimated costs for these three projects are $1.56 billion, which include $190,000,000 in proposed revenue bonds and $1.37 billion in other funds.

Competitive or Negotiated Sale of Bonds

The previous 2012, 2013 and 2014 Revenue Bonds were sold by negotiated sale because SFMTA was a new revenue bond issuer, and negotiated sales allowed SFMTA to present its key credit components directly to investors and focus marketing efforts to specific potential buyers. The proposed $207 million of SFMTA revenue bonds allow the Director of Transportation to determine whether the bonds would be sold through competitive or negotiated sale. Ms. Bose advises that SFMTA is likely to issue the new revenue bonds through competitive sale.

Capital Planning Committee Approval

The Capital Planning Committee approved the proposed three capital projects, issuance of the associated revenue bonds and appropriation of the bond proceeds to fund these projects on May 9, 2016.

California Environmental Quality Act (CEQA)

The subject resolution makes findings regarding CEQA for the three specified projects, by stating that the (1) Central Subway Project Final Supplemental Environmental Impact Statement/Report (EIS/EIR)[2], (2) Van Ness Bus Rapid Transit Final Environmental Impact Report and (3) Golden State Warriors Final Supplemental Environmental Impact Report are adequate with no substantial changes in the projects or environmental impacts since issuance of these respective reports. These documents are incorporated in the resolution by reference, to allow decision-making bodies to take action for possible funding of these projects with the subject revenue bonds.

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

FISCAL IMPACT

The proposed resolution (File 16-0465) would authorize SFMTA to issue not-to-exceed $207,000,000 of revenue bonds. The proposed ordinance (File 16-0464) would appropriate $207,000,000 in revenue bond proceeds, including $190,000,000 for capital project costs and $17,000,000 for debt reserve, auditor and debt issuance costs.

Interest Rates and Costs

The resolution establishes a maximum interest rate on the proposed revenue bonds not to exceed 12 percent. According to Ms. Bose, the SFMTA anticipates issuing two fixed rate, tax exempt revenue bonds for a 30-year term with a true interest cost of approximately 4.32 percent.[3] Estimated total debt service over 30 years would be approximately $385.4 million, of which $178.4 million is interest and $207 million is principal. Assuming two issuances, SFMTA estimates the requested bonds will add an average of $11 million to $16 million in additional annual debt service.

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[2] The Central Subway Project EIS/EIR is determined adequate for the Board's use as the decision-making body for the actions relative to possible funding of the light rail vehicle procurement project with the subject bonds.

[3] The true interest cost includes all ancillary fees and costs, such as finance charges, discount points, and prepaid interest.

As noted above, SFMTA currently pays annual debt service of approximately $16.6 million on the outstanding 2012, 2013 and 2014 revenue bonds. Combining this existing debt, with the proposed new $207 million of debt, the combined annual debt service would range from $17.8 million to $26.1 million.

Pledged Revenues

SFMTA will repay the bonds from SFMTA gross annual revenues, which totaled approximately $626,312,000 in FY 2015-16 as summarized in Table 7 below.

Table 7: SFTMA's Gross Revenues

Revenue Sources	FY 2015-16 Revenues
Passenger fares	$214,677,000
Traffic fines, fees, permits and taxis	128,437,000
Parking meters	56,958,000
Parking garages	68,766,000
Other operating revenues	33,056,000
State sales tax	38,811,000
State Transit Assistance	40,508,000
Trans. Development Act Sales Tax	45,099,000
Total	**$626,312,000**

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

However, SFMTA advises that $35 million Mission Bay Transportation Capital Improvements of the subject $207 million revenue bonds are directly related to the Warriors project. Based on the Board of Supervisors previous approval of a Mission Bay Transportation Improvement Fund which captures General Fund revenues attributable to the Warriors project, the debt service and related financing costs for the $35 million would come from the Mission Bay Transportation Improvement Fund revenues. The City would then appropriate the necessary funds to the SFMTA to pay these expenses (see File 16-0466 included in the Budget and Legislative Analyst's May 25, 2016 report to the Budget and Finance Committee).

Debt Service as a Percent of Operating Expenses

SFMTA implemented and updated debt policies in 2011 and 2013 which established SFMTA's process, guidelines, restrictions, and financial criteria for issuing debt to fund capital projects.

According to SFMTA's debt policy, aggregate annual debt service on long-term debt should not exceed 5% of SFMTA's annual operating expenses. Based on financial projections provided by SFMTA, combined annual debt service on the previous Series 2012A, Series 2012B, Series 2013 and Series 2014 Bonds, together with the proposed new $207 million bonds would not exceed 2.8% of SFMTA's annual operating budget over the 30-year term of the bonds.

Appropriation Ordinance

As shown in Table 6 above, the proposed ordinance appropriates (a) $107,000,000 for light rail vehicle procurements, (b) $48,000,000 for the Van Ness Bus Rapid Transit Project and (c) $35,000,000 for Mission Bay capital improvement projects. While Board of Supervisors' approval is required to reallocate funds between the transit capital improvement program and the pedestrian, bicycle and parking capital improvement program, the SFMTA Board of Directors can authorize the reallocation of funds within the transit capital improvement program and within the pedestrian, bicycle and parking capital improvement program without further Board of Supervisors' approval. For example, Board of Supervisors approval is not required for SFMTA to reallocate funds from the Columbus Avenue Streetscape Project to the Masonic Avenue Streetscape Project; however, Board of Supervisors approval would be required to reappropriate funds from the Columbus Avenue Streetscape Project to the Muni Metro Twin Peaks Tunnel Rail Replacement Project.

Memorandum of Understanding

A Memorandum of Understanding (MOU) between the SFMTA and the City is anticipated to be executed once litigation is concluded regarding the Warriors arena. Ms. Bose advises that this MOU is being sought by the SFMTA to ensure that SFMTA receives timely and full payments from the City to cover all SFMTA debt service payments and related financing costs for the $35 million Mission Bay component of the subject bonds related to the Warriors arena project. Ms. Bose notes that the SFMTA would not issue the requested $35 million of SFMTA revenue bonds for the Mission Bay Transportation Capital Improvements until the City enters into such MOU.

RECOMMENDATION

Approve the proposed resolution and ordinance.

SAN FRANCISCO
PLANNING DEPARTMENT

General Plan Referral

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

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Planning
Information:
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Date:	April 25, 2016
Case:	**2016-004659GPR** **SFMTA Revenue Bonds**
Block/Lot No.:	Various, Citywide
Project Sponsor:	Gail Stein (415) 701-4327 Gail.Stein@sfmta.com Sonali Bose (415) 701-4617 Sonali.Bose@sfmta.com San Francisco Municipal Transportation Agency One South Van Ness Ave., 3rd Floor San Francisco, CA 94103
Staff Contact:	Lisa Fisher – (415) 575-8715 lisa.fisher@sfgov.org
Recommendation:	Finding the proposed 2016 San Francisco Municipal Transportation Agency Revenue Bond (Bonds), on balance, is in conformity with the General Plan.
Recommended By:	John Rahaim, Director of Planning

PROJECT DESCRIPTION

The San Francisco Municipal Transportation Agency is proposing a $207 million bond to finance the costs of certain transportation projects, including up to $45 million for the Mission Bay Component and up to $162 million for other projects, such as light rail vehicle procurement under the Central Subway Project, the Van Ness Transit Improvement Project, and various financing costs to support yet-to-be specified projects under SFMTA capital improvement programs. Although a few general projects have been mentioned as part of the bond, this General Plan Referral is for the Bond itself.

If approved, subsequent Bond-funded projects should be referred to the Planning Department to determine whether they require separate Environmental Review and/or General Plan referral(s), pursuant to Section 4.105 of the Charter and Sections 2A.52 and 2A.53 of the Administrative Code, or other authorization. Upon initial review, it appears that a number of projects funded by this bond will require a General Plan Referral when project plans are available, such as any proposal to widen sidewalks, narrow streets, create corner bulbouts, et al. A General Plan Referral was conducted and cleared for the Van Ness Corridor Transit Project Bulb-outs (Case No. 2014-001204GPR) in October 2015.

ENVIRONMENTAL REVIEW

The Van Ness Improvement Project was fully evaluated in the Van Ness BRT Final EIS/EIR, certified by San Francisco County Transportation Authority Board on September 10, 2013 (Resolution No. 14-18). Mission Bay transportation capital improvements were fully evaluated in the Mission Bay Final Subsequent EIR, certified by the San Francisco Commission on Community Investment and Infrastructure on November 3, 2015 (Resolution No. 69-2015). The San Francisco Board of Supervisors affirmed the certification of the FSEIR on December 8, 2015 (BOS file No. 150991). Vehicle procurement was evaluated under the Central Subway Final Subsequent EIS/EIR, certified by the San Francisco Planning Commission on August 7, 2008 and approved by the SFMTA Board of Directors on August 19, 2008 (File No. 08-150). Additional LRV procurement is statutorily exempt under CEQA Section 20180(b) and CEQA Guidelines Section 15275(a).

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The proposed Bond to fund transportation improvements is, on balance, **in conformity** with the General Plan, as described in the body of this Case Report. If the Bond is approved and funds for improvements become available, **projects may require project-level General Plan referrals**, as required by San Francisco Charter §4.105 and §2A.53 of the Administrative Code and/or other discretionary actions by the Planning Department.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

TRANSPORTATION ELEMENT

OBJECTIVE 1
MEET THE NEEDS OF ALL RESIDENTS AND VISITORS FOR SAFE, CONVENIENT AND INEXPENSIVE TRAVEL WITHIN SAN FRANCISCO AND BETWEEN THE CITY AND OTHER PARTS OF THE REGION WHILE MAINTAINING THE HIGH QUALITY LIVING ENVIRONMENT OF THE BAY AREA.

POLICY 1.2
Ensure the safety and comfort of pedestrians throughout the city.

POLICY 1.3
Give priority to public transit and other alternatives to the private automobile as the means of meeting San Francisco's transportation needs, particularly those of commuters.

POLICY 1.4
Increase the capacity of transit during the off-peak hours.

Comment: The San Francisco Municipal Transportation Agency Revenue Bonds would provide funds for key transit system improvements and pedestrian environment enhancements, which not only improve safety and comfort, but also better connect people to transit use.

OBJECTIVE 20
GIVE FIRST PRIORITY TO IMPROVING TRANSIT SERVICE THROUGHOUT THE CITY, PROVIDING A CONVENIENT AND EFFICIENT SYSTEM AS A PREFERABLE ALTERNATIVE TO AUTOMOBILE USE.

POLICY 20.3
Develop transit preferential treatments according to established guidelines.

POLICY 20.9
Improve inter-district and intra-district transit service.

POLICY 20.13
Create dedicated bus lanes and Bus Rapid Transit (BRT) lanes to expedite bus travel times and improve transit reliability.

Comment: The San Francisco Municipal Transportation Agency Revenue Bonds would provide funds for improving transit service, which thereby helps support transit as a preferable alternative to automobiles.

OBJECTIVE 21
DEVELOP TRANSIT AS THE PRIMARY MODE OF TRAVEL TO AND FROM DOWNTOWN AND ALL MAJOR ACTIVITY CENTERS WITHIN THE REGION.

POLICY 21.2
Where a high level of transit ridership or potential ridership exists along a corridor, existing transit service or technology should be upgraded to attract and accommodate riders.

Comment: The San Francisco Municipal Transportation Agency Revenue Bonds would provide funds for enhancing transit service in important growth areas, such as Mission Bay and better connect residential areas to this and other job centers.

OBJECTIVE 23
IMPROVE THE CITY'S PEDESTRIAN CIRCULATION SYSTEM TO PROVIDE FOR EFFICIENT, PLEASANT, AND SAFE MOVEMENT.

POLICY 23.2
Widen sidewalks where intensive commercial, recreational, or institutional activity is present, sidewalks are congested, where sidewalks are less than adequately wide to provide appropriate pedestrian amenities, or where residential densities are high.

POLICY 23.6
Ensure convenient and safe pedestrian crossings by minimizing the distance pedestrians must walk to cross a street.

POLICY 23.7

Ensure safe pedestrian crossings at signaled intersections by providing sufficient time for pedestrians to cross streets at a moderate pace.

Comment: The San Francisco Municipal Transportation Agency Revenue Bonds would provide funds for widening sidewalks, installing bulbouts to aid street crossings, and other pedestrian improvements.

RECOMMENDATION:

Finding the 2016 San Francisco Municipal Transportation Agency Revenue Bond (Bonds), on balance, is in conformity with the General Plan

If the Bond is approved and funds for improvements become available, future projects may require project-level General Plan referrals, as required by San Francisco Charter §4.105 and § 2A.53 of the Administrative Code and/or other discretionary actions by the Planning Department.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies.

Eight Priority Policies Findings

The subject project, the 2016 San Francisco Municipal Transportation Agency Revenue Bond (Bonds), is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.
   The project will not displace or restrict access to any existing neighborhood-serving or restrict future opportunities.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.
   The project will not displace any existing housing.

3. That the City's supply of affordable housing be preserved and enhanced.
   The project will not adversely impact the City's supply of affordable housing and existing neighborhood housing will be preserved.

4. That commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking.
   The project will improve Muni transit service and will not overburden streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.
   The project will not displace any individual businesses.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.
   The project would fund improvements to City facilities which will enhance the City's ability to protect against injury and loss of life in an earthquake.

7. That landmarks and historic buildings be preserved.
   The project would not have an adverse effect on landmarks or historic buildings. Projects funded by the Bond will be evaluated individually for any impacts to historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development.
   The project will not adversely impact parks and open spaces.

FOURTH SUPPLEMENT TO INDENTURE OF TRUST

by and between the

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of [_______ 1, 2016]

relating to

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY REVENUE BONDS, SERIES 2016

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FOURTH SUPPLEMENT TO INDENTURE OF TRUST

This FOURTH SUPPLEMENT TO INDENTURE OF TRUST, dated as of [_____1, 2016] (the "Fourth Supplemental Indenture"), by and between the SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY (the "SFMTA"), duly constituted and established under Sections 8A.100 et seq. of the Charter of the City and County of San Francisco and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

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

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

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

WHEREAS, the SFMTA has authorized the series of bonds to be designated as "Revenue Bonds, Series 2016" (the "Series 2016 Bonds") pursuant to Resolution No. 16-___ of the SFMTA, adopted on ______, 2016 (the "SFMTA Board Resolution") and the City Board has approved the Series 2016 Bonds pursuant to Resolution No ___-16, adopted on _______ , 2016 and signed by Mayor Edwin M. Lee on _______, 2016 (the "City Resolution"); and

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

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

WHEREAS, the SFMTA entered into a Second Supplement to Indenture of Trust dated as of December 1, 2013 ("Second Supplemental Indenture") in order to provide for the terms of the $75,440,000 Revenue Bonds, Series 2013 (the "Series 2013 Bonds"); and

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

WHEREAS, the SFMTA is entering into this Fourth Supplemental Indenture in order to provide for the terms of the Series 2016 Bonds which will be issued under and in accordance with the Charter and the Act and pursuant to the terms and conditions set forth in the Master Indenture and herein, and for the purpose of financing the Series 2016 Projects.

NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH that in order to secure the payment of the Principal Amount of, premium, if any, and the interest on the Series 2016 Bonds delivered under the Master Indenture and hereunder and to secure the performance of the terms, conditions, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and covenants herein contained and of the purchase and acceptance of the Series 2016 Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the SFMTA does hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Series 2016 Bonds, as follows:

ARTICLE I

DEFINITIONS

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

"Closing Wire Instructions" shall mean the closing wire instructions prepared by ________________ on behalf of the SFMTA.

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

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

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

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

"Fourth Supplemental Indenture" shall mean this Fourth Supplement to Indenture of Trust, dated as of ______1, 2016, by and between the SFMTA and the Trustee.

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

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

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

"Series 2016 Bonds" shall mean the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016.

"Series 2016 Continuing Disclosure Certificate" shall mean the Continuing Disclosure Certificate executed by an Authorized SFMTA Representative, dated the closing date of the Series 2016 Bonds, as originally executed and as it may be amended from time to time.

"Series 2016 Debt Service Account" shall mean the account within the Debt Service Fund created pursuant to Section 3.02 hereof.

"Series 2016 Delivery Costs Account" shall mean the fund by that name established pursuant to Section 2.05(a) hereof.

"Series 2016 Interest Payment Date" shall mean March 1 and September 1 of each year, commencing March 1, 2017.

"Series 2016 Payment Date" shall mean each Series 2016 Interest Payment Date and Series 2016 Principal Payment Date.

"Series 2016 Principal Payment Date" shall mean March 1 of each year, commencing March 1, 2015.

"Series 2016 Projects" shall mean the costs of certain transportation projects including, but not limited to the following SFMTA capital improvement programs: Muni Transit Safety and Spot Improvements, Street Capital Improvements, Facility Improvements, Transit Fixed Guideway, Pedestrian Safety and Traffic Signal Improvements and Muni Light Rail Vehicle Procurement, related to in particular, Light Rail Vehicle Acquisition, the Van Ness Avenue Bus Rapid Transit project and the transportation capital improvements associated with the proposed Mixed Use Development at Mission Bay Blocks 29-32 project.

"Series 2016 Project Costs Account" shall mean that certain fund established pursuant to Section 2.05(b) hereof.

"Series 2016 Record Date" shall mean the close of business on the fifteenth day of the month preceding each Series 2016 Interest Payment Date, whether or not such fifteenth day is a Business Day.

"Series 2016 Reserve Account" shall mean the Series 2016 Reserve Account in the Reserve Fund established pursuant to Section 3.03 hereof.

"Series 2016 Reserve Requirement" shall mean, as of any date of calculation, the least of (i) an amount equal to Maximum Annual Debt Service with respect to the Series 2016 Bonds, (ii) 125% of average annual debt service on the Series 2016 Bonds, or (iii) 10% of the Outstanding Principal Amount of Series 2016 Bonds, or (iv) 10% of the issue price of the Series 2016 Bonds (if the Series 2016 Bonds are issued with more than 2% original issue discount). A future Series of Bonds may be designated in a Supplemental Indenture to benefit from and participate in the Series 2016 Reserve Account. In such event, the foregoing definition shall be applicable to such Series of Bonds but shall be revised in such Supplemental Indenture to take into account such Series of Bonds and the requirements of the Code.

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

ARTICLE II

TERMS OF SERIES 2016 BONDS

Section 2.01. Authorization and Purpose of Series 2016 Bonds. The SFMTA hereby authorizes the issuance of the Series 2016 Bonds for the purpose of providing moneys to finance the Series 2016 Projects. The parties hereto hereby acknowledge and agree that the Series 2016 Bonds constitute "Bonds" as defined in the Master Indenture and that the Series 2016 Bonds are secured on a parity with the Series 2012 Bonds, the Series 2013 Bonds, the Series 2014 Bonds and any additional Series of Bonds which may hereafter be issued under the Indenture.

Section 2.02. Terms of the Series 2016 Bonds. (a) General. The Series 2016 Bonds authorized to be issued by the SFMTA under and subject to the terms of the Indenture and the Act shall be designated as the "San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016." The Series 2016 Bonds shall be issued in the aggregate principal amount of ____________ Dollars ($________). The Series 2016 Bonds shall be dated ______, 2016, shall bear interest at the rates set forth herein (calculated on the basis of a 360 day year comprised of twelve 30 day months), shall be issued as fully registered bonds in authorized denominations of $5,000 or any integral multiple thereof, shall be numbered in such manner as the Trustee may deem appropriate so long as each Series 2016 Bond receives a distinctive number and shall mature, subject to the right of prior redemption in whole or in part, as described herein, and become payable in the amounts and on the dates as provided herein.

(b) Maturity Schedule of Series 2016 Bonds. The Series 2016 Bonds shall bear interest at the rates per annum, payable on each Series 2016 Interest Payment Date, and be payable as to principal on each Series 2016 Principal Payment Date in each of the years and in the amounts indicated as follows:

Series 2016 Bonds

Year (March 1)	Principal	Interest Rate

* Term bond subject to mandatory sinking fund payments

(c) Payment of Series 2016 Bonds. The Series 2016 Bonds shall bear interest from the Series 2016 Interest Payment Date immediately preceding the date of authentication thereof unless (i) the date of authentication thereof is prior to the first regular Series 2016 Record Date in which event it shall bear interest from the dated date of such Series 2016 Bond, or (ii) the date of authentication thereof is a Series 2016 Interest Payment Date, in which event it shall bear interest from that Series 2016 Interest Payment Date, or (iii) the date of authentication thereof is after a regular Series 2016 Record Date but before the following Series 2016 Interest Payment Date, in which event it shall bear interest from such Series 2016 Interest Payment Date.

Payment of interest on the Series 2016 Bonds which are not book-entry bonds shall be paid by check or draft mailed by the Trustee on the Series 2016 Interest

Payment Date via first class mail to the Holders at their addresses shown on the registration books of the Trustee as of the close of business on the Series 2016 Record Date with respect to such Series 2016 Interest Payment Date; provided that payment of interest may be paid by federal wire transfer to an account in the United States designated by any Holder of Series 2016 Bonds in the aggregate principal amount of $1,000,000 or more, upon provision of a written notice received by the Trustee prior to the applicable Series 2016 Record Date. Any such written notice shall remain in effect until terminated or changed by subsequent written notice of the Holder. The payment of interest and principal on book-entry bonds shall be made as provided in Section 2.06 hereof and the Representation Letter.

Interest shall be paid notwithstanding the cancellation of any Series 2016 Bonds upon any exchange or registration of transfer thereof subsequent to the Series 2016 Record Date and prior to such Series 2016 Interest Payment Date.

For Series 2016 Bonds that are not book-entry bonds, the Principal Amount of and redemption premiums, if any, on the Series 2016 Bonds and payments of interest due at maturity or earlier redemption of the Series 2016 Bonds, shall be payable upon the surrender thereof at the Corporate Trust Office of the Trustee. The Principal Amount of and redemption premiums, if any, and interest on the Series 2016 Bonds shall be paid in lawful money of the United States of America.

(d) Limitations on Transfer and Exchange of Series 2016 Bonds. The SFMTA and the Trustee shall not be required to issue, register the transfer of, or exchange (i) any Series 2016 Bond during the period beginning on the fifteenth day of the month preceding each Series 2016 Interest Payment Date and ending on such Series 2016 Interest Payment Date, during the fifteen (15) days preceding the selection of Series 2016 Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed, on any redemption date, or (ii) any Series 2016 Bond selected for redemption.

(e) Optional Redemption of the Series 2016 Bonds. The Series 2016 Bonds scheduled to mature on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Series 2016 Bonds maturing on or after March 1, 20__ shall be subject to redemption at the option of the SFMTA, as a whole or in part among such maturities (and by lot within any one maturity) as designated by an Authorized SFMTA Representative prior to their respective maturity dates, on any date on or after March 1, 20__, from funds derived by the SFMTA from any legally available source, at redemption prices equal to the principal amount thereof together with interest accrued thereon to the date of redemption.

If some but not all of the Series 2016 Bonds have been redeemed pursuant to this Section 2.02(e), the total amount of all sinking account payments shall be reduced by the aggregate principal amount of Series 2016 Bonds so redeemed to be allocated among such Sinking Account payments as determined by SFMTA (notice of which determination shall be given by SFMTA to the Trustee).

(f) Mandatory Sinking Fund Payments for Series 2016 Bonds. (i) The Series 2016 Bonds maturing on March 1, 20__ (the "20__ Term Bonds") shall also be subject to mandatory redemption in part by lot prior to their maturity date, on March 1, commencing March 1, 20__ solely from money which has been deposited into the Series 2016 Principal Account in amounts and upon the dates hereby established for such 20__ Term Bonds, as follows:

20__ Term Bonds Maturing on March 1, 20__

Year (March 1)	Mandatory Sinking Fund Payments
*Maturity	

(ii) The Series 2016 Bonds maturing on March 1, 20__ (the "20__ Term Bonds") shall also be subject to mandatory redemption in part by lot prior to their maturity date, on March 1, commencing March 1, 20__ solely from money which has been deposited into the Series 2016 Principal Account in amounts and upon the dates hereby established for such 20__ Term Bonds, as follows:

20__ Term Bonds Maturing on March 1, 20__

Year (March 1)	Mandatory Sinking Fund Payments
*Maturity	

Section 2.03. Forms of Series 2016 Bonds. The Series 2016 Bonds and the forms of authentication and registration endorsement and the assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A, with necessary or appropriate variations, omission and insertions as permitted or required by the Indenture.

Section 2.04. Application of Proceeds of Sale of the Series 2016 Bonds.

(a) Upon receipt of payment of the purchase price for the Series 2016 Bonds in the amount of $____ (representing $_____ principal amount, plus net original issue premium in the amount of $______ and less an Underwriter's discount in the amount of $______), which includes the good faith deposit of $_____ heretofore received by the Trustee, from the original purchasers thereof the Trustee shall set aside and deposit such amount as follows:

(1) The Trustee shall transfer to the SFMTA for deposit in the Series 2016 Project Costs Account the sum equal to $__________;

(2) The Trustee shall deposit in the Series 2016 Reserve Account the sum equal to $________, which equals the Series 2016 Reserve Requirement as of the date of issuance of the Series 2016 Bonds; and

(3) The Trustee shall deposit $______ in the Series 2016 Delivery Costs Account established pursuant to Section 2.05(a) hereof, such moneys to be used to pay Delivery Costs with respect to the Series 2016 Bonds as directed by a certificate of an Authorized SFMTA Representative.

Section 2.05. Establishment of Series 2016 Delivery Costs Account, and Series 2016 Project Costs Account.

(a) Series 2016 Delivery Costs Account. The Trustee shall establish a Series 2016 Delivery Costs Account for the deposit and retention of a portion of the Series 2016 Bond proceeds held pending disbursement thereof. The Trustee shall disburse amounts in the Series 2016 Delivery Costs Account upon receipt from an Authorized SFMTA Representative of a requisition setting out the payee, the amount of such disbursement and the purpose of such disbursement, including a statement that said disbursement was incurred for Delivery Costs. Upon the earlier of 180 days after initial delivery of the Series 2016 Bonds or receipt by the Trustee of a certificate of an Authorized SFMTA Representative that all Delivery Costs with respect to the Series 2016 Bonds have been paid, the Trustee shall transfer remaining amounts in the Series 2016 Delivery Costs Account to the Series 2016 Interest Account and the Series 2016 Delivery Costs Account shall be closed.

The Trustee shall have no duty or liability to monitor the application of any moneys disbursed hereunder. The Trustee shall be absolutely protected in making any disbursement from the Series 2016 Delivery Costs Account in reliance upon a requisition of an Authorized SFMTA Representative. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(b) Series 2016 Project Costs Account. The SFMTA shall establish and hold the Series 2016 Project Costs Account for the deposit and retention of a portion of the Series 2016 Bond proceeds held pending disbursement thereof. The SFMTA shall disburse amounts in the Series 2016 Project Costs Account for costs of the Series 2016 Projects as provided in the Tax Certificate for the Series 2016 Bonds and shall retain records reflecting the date and use of each disbursement. Amounts on deposit in the Series 2016 Project Costs Account may be used for Delivery Costs plus Project Costs and upon completion of the Series 2016 Project any remaining amounts may be transferred for such purposes as comply with applicable law and the Tax Certificate. Earnings on the Series 2016 Project Costs Account may be transferred by the SFMTA to the Series 2016 Debt Service Account.

Section 2.06. Book-Entry Provisions.

(a) Original Delivery. The SFMTA may provide prior to the date of delivery of the Series 2016 Bonds, that the Series 2016 Bonds may be initially delivered in book-entry form pursuant to this Section 2.06.

The Series 2016 Bonds initially delivered in book-entry form shall be initially delivered in the form of a separate single fully registered Series 2016 Bond without coupons (which may be typewritten) for each maturity of the Series 2016 Bonds. Upon initial delivery, the ownership of each such Series 2016 Bond shall be registered by the Trustee in the name of the Nominee. Except as provided in subsection (c) below, the ownership of all such Outstanding Series 2016 Bonds shall be registered in the name of the Nominee on the registration books of the Registrar.

With respect to Series 2016 Bonds the ownership of which shall be registered in the name of the Nominee, the SFMTA and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the SFMTA holds an interest in the Series 2016 Bonds. Without limiting the generality of the immediately preceding sentence, the SFMTA and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2016 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2016 Bondholder as shown in the Registration Books, of any notice with respect to the Series 2016 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2016 Bonds to be redeemed in the event the SFMTA elects to redeem the Series 2016 Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Series 2016 Bondholder as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Series 2016 Bonds or (v) any consent given or other action taken by the Depository as Holder of the Series 2016 Bonds. The SFMTA and the Trustee may treat and consider the person in whose name each Series 2016 Bond is registered as the absolute owner of such Series 2016 Bond for the purpose of payment of principal, premium and interest on such Series 2016 Bond, for the purpose of giving notices of prepayment and other matters with respect to such Series 2016 Bond, for the purpose of registering transfers of ownership of such Series 2016 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Series 2016 Bonds only to the respective Holders or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Series 2016 Bonds to the extent of the sum or sums so paid. No person other than a Series 2016 Bondholder shall receive a Series 2016 Bond evidencing the obligation of the SFMTA to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the SFMTA shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2016 Bonds for the Depository's book-entry system, the SFMTA and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2016 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the SFMTA or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2016 Bonds other than the Series 2016 Bondholders. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, the SFMTA may take any other actions, not inconsistent with this Indenture, to qualify the Series 2016 Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Series 2016 Bonds, or (ii) the SFMTA determines to terminate the Depository as such, then the SFMTA shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the SFMTA and the Trustee in the issuance of replacement Series 2016 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2016 Bonds, and by surrendering the Series 2016 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2016 Bonds are to be issued. The Depository, by accepting delivery of the Series 2016 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the SFMTA fails to identify another Securities Depository to replace the Depository, then the Series 2016 Bonds shall no longer be required to be registered in the name of the Nominee, but shall be registered in whatever name or names the Holders transferring or exchanging Series 2016 Bonds shall designate, in accordance with the provisions of Article II of the Master Indenture. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

(d) Payments to the Nominee. Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2016 Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Series 2016 Bond and all notices with respect to such Series 2016 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section 2.06 or as otherwise instructed by the Depository.

ARTICLE III

SERIES 2016 INTEREST AND PRINCIPAL ACCOUNTS; SERIES 2016 RESERVE ACCOUNT; SERIES 2016 REBATE FUND

Section 3.01. Series 2016 Interest and Principal Accounts. The SFMTA shall transfer Pledged Revenues to the Trustee for deposit in the Debt Service Fund as provided in Section 5.05 of the Master Indenture and this Section 3.01; provided, that the account described in Section 3.02 is created in the Debt Service Fund held by the Trustee with respect to the Series 2016 Bonds; provided further, however, that to the extent that deposits have been made in any of the accounts referred to below from the proceeds of the sale of the Series 2016 Bonds or otherwise, the deposits below need not be made.

Section 3.02. Series 2016 Debt Service Account. On or before the Business Day prior to each Series 2016 Payment Date, the Trustee shall transfer from the Debt Service Fund to the Series 2016 Debt Service Account within the Debt Service Fund (which account is hereby created), the interest and Principal Amount to become due on such Series 2016 Bonds on such Series 2016 Payment Date; provided that the Trustee need not transfer any moneys at such time as the balance in said Series 2016 Debt Service Account shall be equal to the aggregate amount of interest and Principal Amount becoming due and payable on the then Outstanding Series 2016 Bonds on such Series 2016 Payment Date. The obligation to make the foregoing transfers shall be on a parity with the obligation to fund the Series 2012A Debt Service Account, the Series 2012B Debt Service Account, the Series 2013 Debt Service Account, the Series 2014 Debt Service Account and any debt service accounts henceforth created under the Indenture with respect to any additional Series of Bonds which may hereafter be issued under the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

Section 3.03. Series 2016 Reserve Account. (a) The Series 2016 Reserve Account in the Reserve Fund is hereby established with the Trustee. The Reserve Requirement for the Series 2016 Bonds shall be the Series 2016 Reserve Requirement. The Series 2016 Reserve Account shall benefit only the Series 2016 Bonds and any additional Series of Bonds to the extent so designated in a Supplemental Indenture. The amounts on deposit in the Series 2016 Reserve Account shall secure on a parity basis the Series 2016 Bonds and any additional Series of Bonds so designated in a Supplemental Indenture. In the event an additional Series of Bonds is designated in a Supplemental Indenture to benefit from the Series 2016 Reserve Account, the definition of Series 2016 Reserve Requirement shall be applicable to such Series of Bonds but shall be revised in such Supplemental Indenture to take into account such Series of Bonds and the requirements of the Code.

(b) If on any Series 2016 Payment Date the amount on deposit in the Debt Service Fund is not sufficient to pay interest on and principal to become due on the Series 2016 Bonds on such Series 2016 Payment Date (or any Series of Bonds designated in a Supplemental Indenture on its Payment Dates), then the Trustee shall withdraw the amount of any such deficiency from the Series 2016 Reserve Account and deposit such amount in the Debt Service Fund.

(c) All money on deposit in the Series 2016 Reserve Account in excess of the Series 2016 Reserve Requirement shall be transferred, in accordance with any requirements set forth in the Tax Certificate with respect to the Series 2016 Bonds, to the SFMTA or to such account as an Authorized SFMTA Representative may designate; and for this purpose all investments in the Series 2016 Reserve Account shall be valued monthly, at the lower of purchase price or the current market value of such investments (inclusive of accrued interest).

(d) The Trustee shall deposit moneys received from the SFMTA pursuant to Section 5.05(b) of the Master Indenture in the Series 2016 Reserve Account, in an amount equal to that sum, if any, necessary to restore the Series 2016 Reserve Account to an amount equal to the Series 2016 Reserve Requirement. The obligation to make the foregoing transfers to the Series 2016 Reserve Account shall be on a parity with the obligation to make transfers to the Series 2012 Reserve Account, the Series 2013 Reserve Account and the Series 2014 Reserve Account without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference. If provided for in a Supplemental Indenture, the obligation to make the foregoing transfers shall also be on a parity with the obligation to fund any separate reserve accounts within the Reserve Fund henceforth created under the Indenture with respect to any additional Series of Bonds which may hereafter be issued under the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

Section 3.04. 2016 Rebate Fund.

(a) General. The Trustee shall establish a special fund designated the "Series 2016 Bonds Rebate Fund" (the "2016 Rebate Fund"). All amounts at any time on deposit in the 2016 Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") with respect to the Series 2016 Bonds, pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). The SFMTA has previously established Rebate Funds for the Series 2012 Bonds, the Series 2013 Bonds and the Series 2014 Bonds and may by Supplemental Indenture establish additional funds or accounts for purposes of satisfying the Rebate Requirement with respect to any other Outstanding Bonds. Amounts on deposit in the 2016 Rebate Fund shall be free and clear of any lien under the Indenture and shall be governed by this Section 3.04 and Section 6.07 of the Master Indenture and by the Tax Certificate relating to the Series 2016 Bonds. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of an Authorized SFMTA Representative, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the SFMTA with the Rebate Requirement.

(b) Deposits.

(i) Within 45 days of the end of each Bond Year (as such term is defined in Section 1.148-1(b) of the Treasury Regulations), (1) the SFMTA shall calculate or cause to be calculated with respect to the Series 2016 Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (2) upon the written direction of an Authorized SFMTA Representative, the Trustee shall deposit to the 2016 Rebate Fund from deposits from the SFMTA, if and to the extent required, amounts sufficient to cause the balance in the 2016 Rebate Fund to be equal to the "rebate amount" so calculated.

(ii) The Trustee shall not be required to deposit any amount to the 2016 Rebate Fund in accordance with the preceding sentence if the amount on deposit in the 2016 Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the 2016 Rebate Fund to the extent permitted under subsection (g) of this Section 3.04.

(iii) The SFMTA shall not be required to calculate the "rebate amount," and the Trustee shall not be required to make deposit of any amount to the 2016 Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Series 2016 Bonds (including amounts treated as proceeds of the Series 2016 Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the SFMTA under Section 148(f)(4)(C)(vii) of the Code to pay a 1½% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, an Authorized SFMTA Representative shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the 2016 Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Bonds. Any funds remaining in the 2016 Rebate Fund after payment of all the Series 2016 Bonds and any amounts described in paragraph (2) of subsection (d) of this Section 3.04, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, shall be withdrawn by the Trustee and remitted to the SFMTA.

(d) Withdrawal for Payment of Rebate. Upon an Authorized SFMTA Representative's written direction, but subject to the exceptions contained in subsection (b) of this Section 3.04 to the requirement to calculate the "rebate amount" and make deposits to the 2016 Rebate Fund, the Trustee shall pay to the United States, from amounts on deposit in the 2016 Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Series 2016 Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such

payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

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

(f) Deficiencies in the 2016 Rebate Fund. In the event that, prior to the time any payment is required to be made from the 2016 Rebate Fund, the amount in the 2016 Rebate Fund is not sufficient to make such payment when such payment is due, an Authorized SFMTA Representative shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the SFMTA equal to such deficiency into the 2016 Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section 3.04, but prior to any deposit made under said subsection, the amount on deposit in the 2016 Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection (b), upon written instructions from an Authorized SFMTA Representative, the Trustee shall withdraw the excess from the 2016 Rebate Fund and credit such excess to the Debt Service Fund.

(h) Record Keeping. The SFMTA shall retain records of all determinations made hereunder until six years after the complete retirement of the Series 2016 Bonds.

(i) Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Series 2016 Bonds.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Continuing Disclosure. The SFMTA hereby covenants and agrees that it will comply with the provisions of the Series 2016 Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the SFMTA to comply with the Series 2016 Continuing Disclosure Certificate shall not be considered an event of default hereunder; however, the Trustee may (and, at the request of the Participating Underwriter (as defined in the Series 2016 Continuing Disclosure Certificate) or the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Outstanding Series 2016 Bonds, shall) after receiving indemnification to its satisfaction, or any holder or Beneficial Owner (as defined in the Series 2016 Continuing Disclosure Certificate), may take such actions as may be necessary and appropriate to cause the SFMTA to comply with the provisions of the Series 2016 Continuing Disclosure Certificate.

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

Section 4.03. Indenture to Remain in Effect. The Master Indenture as amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, and this Fourth Supplemental Indenture shall remain in full force and effect.

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

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

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

____
Edward D. Reiskin
Director of Transportation

ATTEST:

____
Secretary to the Board of Directors

U.S. BANK NATIONAL ASSOCIATION, as Trustee

____
Authorized Officer

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

By: ________________________________
Deputy City Attorney

EXHIBIT A

(FORM OF SERIES 2016 BOND)

No. $______

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
REVENUE BONDS
SERIES 2016

Interest Rate	Maturity Date	Dated Date	CUSIP
	March 1, 20__	______, 2016	797686___

PRINCIPAL AMOUNT:

REGISTERED OWNER: CEDE & CO.

The SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY (hereinafter sometimes called the "SFMTA"), a public body, corporate and politic, duly organized and existing under the Constitution and statutes of the State of California and the Charter of the City and County of San Francisco (the "Charter"), for value received, hereby promises to pay (but solely out of the funds hereinafter mentioned) to the registered owner hereof as shown above or registered assigns (herein sometimes referred to as the "Owner" or "Holder"), subject to the right of prior redemption hereinafter mentioned, the Principal Amount specified above, on the maturity date specified above, and to pay such Owner on March 1 and September 1 of each year commencing _________ 1, 201__ (each, a "Series 2016 Interest Payment Date") by check or draft mailed by the Trustee hereinafter referred to on the Series 2016 Interest Payment Date via first class mail to such Owner at such Owner's address shown on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Series 2016 Interest Payment Date (the "Series 2016 Record Date"), or by federal wire transfer to an account in the United States designated by such Owner of Bonds in the aggregate Principal Amount of $1,000,000 or more, upon provision of a written notice received by the Trustee prior to the applicable Series 2016 Record Date, interest on such Principal Amount from the Series 2016 Interest Payment Date immediately preceding the date of authentication hereof (unless (i) the date of authentication hereof is prior to the first regular Series 2016 Record Date in which event from the dated date specified above, or (ii) the date of authentication hereof is a Series 2016 Interest Payment Date, in which event from that Series 2016 Interest Payment Date, or (iii) the date of authentication hereof is after a regular Series 2016 Record Date but before the following Series 2016 Interest Payment Date, in which event it shall bear interest from such Series 2016 Interest Payment Date) until the Principal Amount hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, at the interest rate per annum set forth above payable semiannually on each Series 2016 Interest Payment Date. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Principal Amount of and redemption premiums, if any, and interest on the Series 2016 Bonds shall be paid in lawful money of the United States of America. The Principal Amount of and redemption premiums, if any, on the Series 2016 Bonds and payments of interest due at maturity or earlier redemption of the Series 2016 Bonds, shall be payable upon the surrender thereof at the corporate trust office (the "Corporate Trust Office") of U.S. Bank National Association as trustee (the "Trustee"), in San Francisco, California or such other office designated by the Trustee. All capitalized terms which are used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Indenture (as hereinafter defined). Series 2016 Bonds that are book-entry bonds will be governed by the book-entry provisions of the Indenture and the Representation Letter.

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

This Bond is one of a duly authorized issue of Bonds of the SFMTA designated "San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016" (herein called the "Series 2016 Bonds"), in an aggregate principal amount of $________, all of like tenor and date (except for bond numbers, interest rates, amounts and maturity) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and the Charter. The Series 2016 Bonds are authorized by and issued pursuant to certain resolutions duly adopted by the City and the SFMTA and under the Indenture of Trust, dated as of July 1, 2012, as amended by the First Supplement to Indenture of Trust, dated as of July 1, 2012, the Second Supplement to Indenture of Trust dated as of December 1, 2013, the Third Supplement to Indenture of Trust dated as of December 1, 2014, and the Fourth Supplement to Indenture of Trust dated as of ______ 1, 2016 (together, the "Indenture"), each by and between the SFMTA and the Trustee, a copy of which is on file with the Secretary of the SFMTA and the Trustee. This Bond will be secured on a parity with the Series 2012 Bonds, the Series 2013 Bonds and the Series 2014 Bonds (both as defined in the Indenture) and any other Outstanding Bonds hereafter issued in accordance with the Indenture, including the other Series of Bonds.

All of the Bonds are equally secured in accordance with the terms of the Indenture, reference to which is hereby made for a specific description of the security provided for said Bonds, for the nature, extent and manner of enforcement of such security and for the covenants and agreements made for the benefit of the Holders of the Bonds. By the acceptance of this Bond the Owner hereof consents to all of the terms, conditions and provisions of the Indenture. All of the provisions of the Indenture are hereby incorporated by reference into this Bond as if set forth in full herein, and any inconsistency between the provisions of this Bond and the Indenture shall be resolved in favor of the Indenture. In the manner provided in the Indenture, said Indenture and the rights and obligations of the SFMTA and of the Holders of Bonds may (with certain exceptions as stated in said Indenture) be amended or supplemented with the consent of the Holders of at least fifty-one percent (51%) in aggregate Principal Amount of Outstanding Bonds of all Series affected by such amendment, unless such amendment is for the purpose of, among other things, curing ambiguities or formal defects or omissions, correcting or supplementing any provision which may be inconsistent with any other provision or to make any other change or addition which shall not have a material adverse effect on the interests of the Holders, in which case no Bondholders' consent is required.

The Series 2016 Bonds shall be subject to optional and mandatory redemption as provided in the Indenture.

This Bond is issued in fully registered form in the denomination of $5,000 or any integral multiple thereof and is negotiable upon proper transfer of registration. This Bond is transferable by the Owner hereof or by his duly authorized attorney, at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new Series 2016 Bond of any authorized denomination or denominations for the same aggregate principal amount and maturity of the same issue will be issued to the transferee in exchange therefor. This Bond may also be exchanged for a like aggregate principal amount of Series 2016 Bonds of other authorized denominations of the same maturity and interest rate, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture, upon surrender and cancellation of this Bond.

The SFMTA and the Trustee shall not be required to issue, register the transfer of, or exchange (i) any Series 2016 Bond during the period beginning on the fifteenth day of the month preceding each Series 2016 Interest Payment Date and ending on such Series 2016 Interest Payment Date, during the fifteen (15) days preceding the selection of Series 2016 Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed or on any redemption date, or (ii) any Series 2016 Bond selected for redemption.

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

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

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

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

By:_______________________________
Director of Transportation

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

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

Date of Authentication: _______, 20__

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ____________________________
Authorized Signatory

* * * * *

(FORM OF ASSIGNMENT OF BONDS)

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

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

Dated: ____________, 20__
Signature Guaranteed By:

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

$__________

San Francisco Municipal Transportation Agency
Revenue Bonds, Series 2016

BOND PURCHASE CONTRACT

________, 2016

San Francisco Municipal Transportation Agency
8th Floor
1 South Van Ness Avenue
San Francisco, CA 94103

Ladies and Gentlemen:

The undersigned [Representative] (the "Representative") on its own behalf and on behalf of [Underwriter[s]] (each an "Underwriter" and collectively with the Representative, the "Underwriters"), hereby offers to enter into this agreement (this "Purchase Contract") with the San Francisco Municipal Transportation Agency (the "Agency"). Upon the acceptance of this offer by the execution and delivery of this Purchase Contract by the Agency to the Representative, this Purchase Contract will be binding upon the Agency and the Underwriters. This offer is made subject to the acceptance of this Purchase Contract by the Agency on or before 5:00 p.m., California time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice (by facsimile transmission or otherwise) from the Representative delivered to the Agency at any time prior to the acceptance of this Purchase Contract by the Agency. If the Underwriters withdraw this offer, or the Underwriters' obligation to purchase the Bonds (as hereinafter defined) is otherwise terminated pursuant to Section 10 hereof, then and in such case the Agency shall be without any further obligation to the Underwriters, including the payment of any costs set forth under Section 12(b) hereof, and the Agency shall be free to sell the Bonds to any other party. Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the respective meanings set forth for such terms in the Official Statement (as hereinafter defined) and the Indenture (as hereinafter defined).

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

The Underwriters represent and warrant that this Purchase Contract, assuming due and legal execution and delivery thereof by, and validity against, the Agency, when executed by the Representative, will be a legal, valid and binding joint and several obligation of each Underwriter enforceable in accordance with its terms, subject to valid bankruptcy, insolvency, reorganization moratorium and other laws affecting creditors' rights generally, The Agency acknowledges and agrees that (a) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length, commercial transaction between the Agency and each of the Underwriters in which each Underwriter is acting solely as a principal and is not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor, or fiduciary of the Agency; (b) the Underwriters have not assumed (individually or collectively) any advisory or fiduciary responsibility to the Agency with respect to the Purchase Contract, the offering of the Bonds and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter, or any affiliate of an Underwriter, has provided other services or is currently providing other services to the Agency on other matters); (c) the Underwriters have financial and other interests that differ from those of the Agency; and (d) the Agency has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Contract, the Underwriters (acting as principals and independent contractors and not as advisors, agents or fiduciaries) hereby, jointly and severally, agree to purchase from the Agency, and the Agency agrees to sell and deliver to the Underwriters, all (but not less than all) of the $__________ aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 (the "Bonds"). The purchase price for the Bonds shall be $_________ (the "Purchase Price"), calculated as the aggregate principal amount of $_________ plus an aggregate net original issue premium in the amount of $_________ and less an aggregate underwriters' discount in the amount of $_________). The "Net Purchase Price" due at Closing shall be $_________ which is the Purchase Price less the amount of the Good Faith Deposit of $_________ required per Section 11 hereof.

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

Interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and will be exempt from State of California (the "State") personal income taxes, all as further described in the Official Statement, dated the date hereof, and relating to the Bonds, as further defined below.

Section 2. Preliminary Official Statement and Official Statement. The Agency ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Bonds, dated ________, 2016 (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the offering and sale of the Bonds by the Underwriters prior to the availability of the Official Statement. The Agency represents that the Preliminary Official Statement was deemed final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity date, delivery date, ratings and other terms of the Bonds permitted to be excluded from the Preliminary Official Statement by Rule 15c2-12 (the "Excluded Information"). The Agency shall provide the Underwriters, within seven business days from the date hereof (but in any event at least three business days prior to the Closing Date (as defined herein)) whichever occurs first), of the Official Statement, dated the date hereof in the form of the Preliminary Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any supplements to such Official Statement as have been approved by the Agency and the Representative (which approval shall not be unreasonably withheld), in sufficient quantities and/or in a designated electronic format (as defined in Municipal Securities Rulemaking Board Rule G-32) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the "MSRB"). The Agency authorizes and approves the distribution by the Underwriters of the Official Statement in connection with the offering and sale of the Bonds. The Agency authorizes the Representative to file, and the Representative hereby agrees to file at or prior to the Closing Date, the Official Statement with the MSRB, or its designees in accordance with MSRB Rule G-32. The Official Statement, including the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto on or prior to the Closing Date is herein referred to as the "Official Statement."

Section 3. Authorization of the Bonds. The Bonds shall be as described in the Official Statement and shall be issued and delivered and secured under the provisions of an Indenture of Trust, dated as of July 1, 2012, between the Agency and U.S. Bank National Association, as trustee (the "Trustee") (the "Indenture of Trust"), as supplemented by a Fourth Supplement to Indenture of Trust (the "Fourth Supplement, and together with the Indenture of Trust, the "Indenture"), dated as of ________ 1, 2016, by and between the Agency and the Trustee. The issuance of the Bonds, the Indenture, the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Agreement and this Purchase Contract were approved pursuant to Ordinance 57-12 of the Board of Supervisors of the City and County of San Francisco (the "Board of Supervisors"), adopted on April 19, 2012 (the "Ordinance"), Resolution No. _____ adopted by the Board of Directors of the Agency on ______, 2016 (the "Agency Resolution"), and Resolution No. _____ adopted by the Board of Supervisors of the City and County of San Francisco on ______, 2016 and signed by the Mayor of the City and County of San Francisco on ______, 2016 (the "Board Resolution" and together with the Ordinance and the Agency Resolution, the "Authorizing Legislation" or the "Resolutions").

Section 4. The Bonds. The Bonds are being issued for the purpose of providing funds to (a) finance a portion of the costs of various capital projects for the Agency as described in the Official Statement, (c) make a deposit to the Series 2016 Reserve Account of the Bond Reserve Fund established under the Indenture, and (c) pay a portion of the costs of issuance of the Bonds.

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

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

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

(c) From the date of delivery of the Official Statement up to and including the end of the underwriting period (as such term is defined in Rule 15c2-12), the Official Statement (except for information regarding DTC and its book-entry only system and information provided by the Underwriters for inclusion therein, including without limitation the information under the caption "UNDERWRITING" and the CUSIP numbers) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. For purposes of this Purchase Contract, the end of the underwriting period shall be deemed to be the Closing Date, unless the Representative shall have notified the Agency to the contrary on or prior to such date.

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

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

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

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

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

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

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

(k) The financial statements of the Agency for the fiscal year ended June 30, 2015 set forth as an Appendix A to the Preliminary Official Statement and the Official Statement fairly present the financial position of the Agency as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein and, other than as set forth therein, were prepared in conformity with generally accepted accounting principles applicable to local governments applied on a consistent basis.

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

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

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

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

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

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

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

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

The Underwriters agree, subject to the terms and conditions hereof, to make a bona fide public offering of all the Bonds initially at prices not in excess of the initial public offering prices as set forth in Schedule I hereto. Subsequent to the establishment of initial public offering prices for federal tax purposes as determined by Bond Counsel the Underwriters reserve the right to change the public offering prices as they deem necessary in connection with the marketing of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering price set forth in Schedule I hereto.

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

Section 8. Closing. At 8:30 a.m., California time, on ________, 2016, or at such other time as shall have been mutually agreed upon by the Agency and the Representative (the "Closing Date" or the "Closing"), the Agency will deliver or cause to be delivered to the account of the Representative, under the Fast Automated Securities Transfer System of DTC, the Bonds, in the form of a separate single fully registered bond for each Series, maturity date and interest rate of the Bonds duly executed by the Agency and authenticated by the Trustee, together with the opinions and documents set forth in Section 9 hereof. The Representative will, subject to the terms and conditions hereof, accept delivery of the Bonds and pay the Net Purchase Price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds on the Closing Date. The Bonds shall be made available to the Trustee not later than one business day before the Closing Date. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

Payment for the delivery of the Bonds shall be coordinated at the offices of Hawkins, Delafield & Wood LLP, in San Francisco, California, or at such other place as shall have been mutually agreed upon by the Agency and the Representative. Such payment and delivery is called the "Closing." The Representative shall order CUSIP identification numbers and the Agency shall cause such CUSIP identification numbers to be printed on the Bonds, but neither the failure to print any such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the Representative to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract.

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

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

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

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

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

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

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

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

(v) an opinion of the City Attorney ("Issuer Counsel"), addressed solely to the Agency and the Underwriters, dated the Closing Date and in substantially the form attached hereto as Exhibit C;

(vi) unqualified opinions of Norton Rose Fulbright US LLP and Amira Jackmon, Attorney at Law ("Co-Bond Counsel"), dated the Closing Date and in substantially the form set forth in Appendix G to the Official Statement;

(vii) supplemental opinions of Co-Bond Counsel, addressed to the Agency and the Underwriters, dated the Closing Date and in substantially the form attached hereto as Exhibit D;

(viii) an opinion of Hawkins Delafield & Wood LLP ("Disclosure Counsel"), addressed to the Agency, dated the Closing Date and in substantially the form attached hereto as Exhibit E;

(ix) an opinion of Disclosure Counsel, addressed to the Underwriters, dated the Closing Date and in substantially the form attached hereto as Exhibit F;

(x) an opinion of [Underwriter's Counsel], Underwriters' Counsel ("Underwriters' Counsel"), addressed to the Underwriters, dated the Closing

Date, to the effect that (A) based upon examinations which they have made, which may be specified, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to their attention which would lead them to believe that the Official Statement, as of its date and as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Underwriters' Counsel will express no belief or opinion as to Appendices A, B, C, F, or G to the Official Statement or as to any CUSIP numbers, financial, technical, statistical, economic, engineering, demographic or tabular data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion included in the Official Statement or as to the information contained in the Official Statement under the captions "TAX MATTERS" and "ABSENCE OF LITIGATION" or any information in the Official Statement about the book-entry system, Cede & Co., or DTC; (B) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (C) the Continuing Disclosure Certificate meets the requirements of Section (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended;

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

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

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

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

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

(xvi) evidence satisfactory to the Representative that Moody's Investors Service, Inc., and Standard & Poor's Ratings Services have assigned ratings of "___," and "___," respectively, to the Bonds;

(xvii) the Continuing Disclosure Certificate duly executed by the Agency; and

(xviii) such additional legal opinions, Bonds, instruments or other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date of this Purchase Contract and as of the Closing Date, of the Agency's representations contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Agency on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Agency.

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

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

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

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

(c) any of the following occurs and is continuing as of the Closing Date which, in the reasonable judgment of the Representative (set forth in a written notice from the Representative to the Agency terminating the obligation of the Underwriters to accept delivery of and make payment for the Bonds), has a material adverse effect on the marketability or market price of the Bonds, at the initial offering prices set forth in the Schedule I attached hereto, or the Underwriters' ability to process and settle transactions:

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

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

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

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

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

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

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

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

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

Section 11. Good Faith Deposit. To secure the Agency from any loss resulting from the failure of the Underwriters to comply with the terms of this Purchase Contract, the Representative has sent to the Trustee a wire transfer (in immediately available funds) payable to the order of the Trustee, for the benefit of the Agency, in the amount of $__________ (the "Good Faith Deposit"), the receipt of which is hereby acknowledged by the Agency. The Good Faith Deposit will, immediately upon the Agency's acceptance of this offer, become the property of the Agency. The Good Faith Deposit will be held and invested for the exclusive benefit of the Agency. At the Closing, the Underwriters shall pay or cause to be paid the Net Purchase Price of the Bonds (as specified in Section 1 of this Purchase Contract) which takes into account the Good Faith Deposit. If the Underwriters fail to pay the Net Purchase Price in full upon tender of the Bonds (other than as a result of the Agency's failure to deliver or cause the delivery of all of the documents and opinions set forth in Section 9 hereof (except for the opinion required in Section 9(c)(x) hereof) or for a reason expressly set forth in Section 10 hereof), the Underwriters will have no right to recover the Good Faith Deposit or to any allowance or credit therefor, and the Good Faith Deposit, together with any interest thereon, will be retained by the Agency as and for liquidated damages for such failure by the Underwriters. Retention of the Good Faith Deposit shall constitute the Agency's sole and exclusive remedy and full liquidated damages for the Underwriters' failure (other than for a reason expressly set forth herein) to purchase and accept delivery of the Bonds pursuant to the terms of this Purchase Contract. Upon such retention, the Underwriters shall be released and discharged from any and all claims for damages by the Agency against the

Underwriters related to such failure and any other defaults by Underwriters hereunder. The Underwriters and the Agency hereby acknowledge and agree that the amount fixed pursuant to this Section for liquidated damages does not constitute a penalty and is a reasonable estimate of the damages that the Agency would sustain in the event of the Underwriters' failure to purchase and to accept delivery of the Bonds pursuant to the terms of this Purchase Contract. The amount is agreed upon and fixed as liquidated damages because of the difficulty of ascertaining as of the date hereof the amount of damages that would be sustained in such event. Each of the Underwriters waives any right to claim that actual damages resulting from such failure are less than the amount of such liquidated damages.

In the event the Agency does not accept this offer, or upon its failure to deliver the Bonds at the Closing, or if it shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Purchase Contract, or if such obligations shall be terminated for any reason permitted by this Purchase Contract, the Good Faith Deposit shall be immediately returned to the Underwriters.

Section 12. Expenses.

(a) Except for those expenses assigned to the Underwriters pursuant to Section 12(b) hereof, the Underwriters shall be under no obligation to pay, and the Agency shall pay, any expenses incident to the performance of the Agency's obligations under this Purchase Contract and the fulfillment of the conditions imposed hereunder, including but not limited to: (i) the fees and disbursements of Issuer's Counsel, Co-Bond Counsel, and Disclosure Counsel; (ii) the fees and disbursements of Backstrom McCarley Berry & Co., LLC, San Francisco, California and Public Financial Management Inc., San Francisco, California (the "Co-Financial Advisors"); (iii) the fees and disbursements of any counsel, auditors, engineers, consultants or others retained by the Agency in connection with the transactions contemplated herein; (iv) the costs of preparing and printing the Bonds; (v) the costs of the printing of the Official Statement (and any amendment or supplement prepared pursuant to Section 5(e) hereof); and (vi) any fees charged by investment rating agencies for the rating of the Bonds.

(b) The Underwriters shall pay all expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the costs of printing the Blue Sky memorandum used by the Underwriters; (iii) all out of pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees of the CUSIP Service Bureau for the assignment of CUSIP numbers; and (iv) all other expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel.

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

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

Section 15. Invalid or Unenforceable Provisions. In the event that any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 16. Counterparts. This Purchase Contract may be executed by facsimile transmission and in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 17. Governing Law; Venue. This Purchase Contract shall be governed by and interpreted under the laws of the State of California. Venue for all litigation and other disputes relative arising from or related to this Purchase Contract shall be in the City and County of San Francisco (the "City").

Section 18. City Contracting Requirements. The provisions for the City Contracting Requirements attached hereto as Exhibit A are hereby incorporated herein by reference as though fully set forth herein.

Section 19. Entire Agreement. This Purchase Contract is the sole agreement of the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written. This Purchase Contract may only be amended by a writing executed by the authorized representatives of the parties.

Section 20. Headings. The section headings in this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

Section 21. Effectiveness. This Purchase Contract shall become effective upon execution of the acceptance of this Purchase Contract by the Agency and shall be valid and enforceable as of the time of such acceptance.

[End of Bond Purchase Contract]

Very truly yours,

[UNDERWRITER[S]]

By [REPRESENTATIVE], as
Representative of the Underwriters

By ______________________________
____

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

By ______________________________
Edward D. Reiskin, Director of
Transportation

MTA Board of Directors
Resolution No. ________

ATTEST:

____
Secretary
Municipal Transportation Agency
Board of Directors

APPROVED AS TO FORM:

Dennis J. Herrera
City Attorney

By ______________________________
Mark D. Blake, Deputy City Attorney

[Signature Page to Bond Purchase Contract]

SCHEDULE I

$__________
San Francisco Municipal Transportation Agency
Revenue Bonds, Series 2016

Maturity Schedule

Maturity Date (March 1)	Principal Amount	Interest Rate	Yield	Price

Redemption Provisions

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

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

Maturity Date (March 1)	Principal Amount

* Final Maturity

EXHIBIT A

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

Section 1. Underwriters' Representations, Covenants and Agreements. Each Underwriter, on its own behalf and not on behalf of any other Underwriter, represents and covenants and agrees with the Agency that:

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

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

(c) It represents and warrants to the Agency that the Representative has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of it.

Section 2. City Contracting Requirement. Additionally, each Underwriter, on its own behalf and not on behalf of any other Underwriter, represents and covenants and agrees, as applicable that:

(a) ***Underwriter Shall Not Discriminate***. In the performance of this Purchase Contract, each Underwriter agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, weight, height, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or associated with members of such protected classes, or in retaliation for opposition to discrimination against such classes against any employee of, any City and/or Agency employee working with, or applicant for employment with such Underwriter in any of such Underwriter's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by such Underwriter.

(b) ***Subcontracts***. Each Underwriter shall incorporate by reference in all subcontracts made in fulfillment of its obligations hereunder the provisions of Section 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from purchasing) and shall require all subcontractors to comply with such provisions. An Underwriter's failure to comply with the obligations in this subsection shall constitute a material breach of this Purchase Contract.

(c) ***Non-Discrimination in Benefits***. Each Underwriter does do not as of the date of this Purchase Contract and will not during the term of this Purchase Contract, in any of its operations in San Francisco, California, or on real property owned by San Francisco, California, or where the work is being performed for the City and/or Agency elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) ***HRC Form***. Each Underwriter shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC 12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) ***Incorporation of Administrative Code Provisions by Reference***. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Exhibit A by reference and made a part of this Purchase Contract as though fully set forth herein. Each Underwriter shall comply fully with and be bound by all of the provisions that apply to this Purchase Contract under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, each Underwriter understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Purchase Contract may be assessed against such Underwriter and/or deducted from any payments due such Underwriter; provided, however that such damages shall not be set off against the payment of rental or other contract related to the Bonds, certificates of participation or other debt obligation of the Agency or the City.

(f) ***Drug-Free Workplace Policy***. Each Underwriter acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City or Agency premises. Each Underwriter agrees that any violation of this prohibition by such Underwriter, its employees, agents or assigns will be deemed a material breach of this Purchase Contract.

(g) ***Compliance With Americans with Disabilities Act***. Without limiting any other provisions of this Purchase Contract each Underwriter shall provide the services specified in this Purchase Contract in a manner that complies with the Americans with Disabilities Act ("ADA") Title 24, and any and all other applicable federal, state and local disability rights legislation. Each Underwriter agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Purchase Contract and further agrees that any violation of this prohibition on the part of such Underwriter, its employees, agents or assigns shall constitute a material breach of this Purchase Contract.

(h) ***Sunshine Ordinance***. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the Agency and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

(i) ***Prohibition on Political Activity With Agency Funds***. In accordance with San Francisco Administrative Code Chapter 12.G, an Underwriter may not participate in, support or attempt to influence any political campaign for a candidate or for a ballot measure in the performance of the services provided under this Purchase Contract. Each Underwriter agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event an Underwriter violates the provisions of this section, the Agency may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Contract, and (ii) prohibit such Underwriter from bidding on or receiving any new City and/or Agency contract for a period of two years.

(j) ***MacBride Principles—Northern Ireland***. The City and the Agency urge companies doing business in Northern Ireland to move towards resolving employment inequities, and encourage such companies to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and the Agency urge San Francisco companies to do business with corporations that abide by the MacBride Principles.

(k) ***Tropical Hardwood and Virgin Redwood Ban***. The City and the Agency urge companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product or any virgin redwood or virgin redwood product.

(l) ***Repeal of Administrative Code Provisions***. To the extent that the City repeals any provision of the Administrative Code incorporated, set forth or referenced in this Exhibit A, other than pursuant to a restatement or amendment of any such provision, such provision, as incorporated, set forth or referenced herein, shall no longer apply to this Purchase Contract or the Underwriters.

(m) ***Limitations on Contributions***. Through execution of this Purchase Contract, each Underwriter acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City and/or Agency for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (i) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves; (ii) a candidate for the office held by such individual; or (iii) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Each Underwriter acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Each Underwriter further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of such Underwriter's board of directors; such Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20% in such Underwriter; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Underwriter. Additionally, each Underwriter acknowledges that such Underwriter must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

(n) ***Requiring Minimum Compensation for Covered Employees***. Each Underwriter agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance ("MCO"), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Purchase Contract as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of the Underwriter's obligations under the MCO is set forth in this Exhibit A. Each Underwriter is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Exhibit A. Capitalized terms used in this Exhibit A and not defined in this Purchase Contract shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, each Underwriter agrees to all of the following:

(i) The MCO requires each Underwriter to pay such Underwriter's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and such Underwriter is obligated to keep informed of the then current requirements. Any subcontract entered into by an Underwriter shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Exhibit A. It is each Underwriter's obligation to ensure that any subcontractors of any tier under this Purchase Contract comply with the requirements of the MCO. If any subcontractor under this Purchase Contract fails to comply, the City may pursue any of the remedies set forth in this Exhibit A against such Underwriter. Nothing in this Exhibit A shall be deemed to grant any Underwriter the right to subcontract.

(ii) No Underwriter shall take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(iii) Each Underwriter shall maintain employee and payroll records as required by the MCO. If such Underwriter fails to do so, it shall be presumed that such Underwriter paid no more than the minimum wage required under State law.

(iv) The City is authorized to inspect each Underwriter's job sites and conduct interviews with employees and conduct audits of such Underwriter.

(v) Each Underwriter's commitment to provide the Minimum Compensation is a material element of the Agency's consideration for this Purchase Contract. The Agency in its sole discretion shall determine whether such a breach has occurred. The Agency, City and the public will suffer actual damage that will be impractical or extremely difficult to determine if such Underwriter fails to comply with these requirements. Each Underwriter agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the Agency, City and the public will incur for such Underwriter's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(vi) Each Underwriter understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Purchase Contract for violating the MCO, such Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P.

Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(vii) Each Underwriter represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(viii) If an Underwriter is exempt from the MCO when this Purchase Contract is executed because the cumulative amount of agreements with this department for the fiscal year is less than $25,000, but such Underwriter later enters into an agreement or agreements that cause such Underwriter to exceed that amount in a fiscal year, such Underwriter shall thereafter be required to comply with the MCO under this Purchase Contract. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and this department to exceed $25,000 in the fiscal year.

(o) ***Requiring Health Benefits for Covered Employees.*** Each Underwriter agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Purchase Contract as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Exhibit A and not defined in this Purchase Contract shall have the meanings assigned to such terms in Chapter 12Q.

(i) For each Covered Employee, each Underwriter shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If such Underwriter chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(ii) Notwithstanding the above, if an Underwriter is a small business as defined in Section 12Q.3 (e) of the HCAO, it shall have no obligation to comply with part (i) above.

(iii) An Underwriter's failure to comply with the HCAO shall constitute a material breach of this Purchase Contract. The Agency shall notify such Underwriter if such a breach has occurred. If, within 30 days after receiving Agency's written notice of a breach of this Purchase Contract for violating the HCAO, such Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the Agency or the City shall have the right to pursue the remedies set forth in 12Q.5.1 and

12Q.5 (f) (1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City or the Agency.

(iv) Any subcontract entered into by an Underwriter shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Exhibit A. Such Underwriter shall notify City's Office of Contract Administration when it enters into such a subcontract and shall certify to the Office of Contract Administration that it has notified the subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on subcontractor through the subcontract. Each Underwriter shall be responsible for its subcontractors' compliance with this Chapter. If a subcontractor fails to comply, the City or Agency may pursue the remedies set forth in this Exhibit A against the applicable Underwriter based on the subcontractor's failure to comply, provided that the Agency or the City has first provided such Underwriter with notice and an opportunity to obtain a cure of the violation.

(v) No Underwriter shall discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the Agency or the City with regard to such Underwriter's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(vi) Each Underwriter represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) Each Underwriter shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the applicable contract.

(viii) Each Underwriter shall keep itself informed of the current requirements of the HCAO.

(ix) Each Underwriter shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subcontractors and subtenants, as applicable.

(x) Each Underwriter shall provide the City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least ten business days to respond.

(xi) Each Underwriter shall allow the City to inspect such Underwriter's job sites and have access to such Underwriter's employees in order to monitor and determine compliance with HCAO.

(xii) The City may conduct random audits of each Underwriter to ascertain its compliance with HCAO. Each Underwriter agrees to cooperate with the City when it conducts such audits.

(xiii) If an Underwriter is exempt from the HCAO when this Purchase Contract is executed because its amount is less than $25,000 ($50,000 for nonprofits), but such Underwriter later enters into an agreement or agreements that cause such Underwriter's aggregate amount of all agreements with the Agency or the City to reach $75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and the Agency or the City to be equal to or greater than $75,000 in the fiscal year.

(p) ***Prohibition on Political Activity With Agency or City Funds***. In accordance with San Francisco Administrative Code Chapter 12.G, no Underwriter may participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Purchase Contract. Each Underwriter agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event that an Underwriter violates the provisions of this Exhibit A, the City or Agency may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Contract, and (ii) prohibit such Underwriter from bidding on or receiving any new City or Agency contract for a period of two years. The Controller will not consider an Underwriter's use of profit as a violation of this Exhibit A.

(q) ***Protection of Private Information.*** Each Underwriter has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Each Underwriter agrees that any failure of such Underwriter to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Purchase Contract. In such an event, in addition to any other remedies available to it under equity or law, the City or Agency may terminate this Purchase Contract, bring a false claim action against such Underwriter pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar such Underwriter.

(r) ***Graffiti Removal.*** Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and its residents, and to prevent the further spread of graffiti.

Each Underwriter shall remove all graffiti from any real property owned or leased by such Underwriter in the City and County of San Francisco within 48 hours of the earlier of such Underwriter's (i) discovery or notification of the graffiti, or (ii) receipt of notification of the graffiti from the Department of Public Works. This Section is not intended to require any Underwriter to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (A) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (B) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of an Underwriter to comply with this Section of this Purchase Contract shall constitute a material breach of this Purchase Contract.

(s) ***Food Service Waste Reduction Requirements***. Each Underwriter agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Purchase Contract as though fully set forth. This provision is a material term of this Purchase Contract. By entering into this Purchase Contract, each Underwriter agrees that if it breaches this provision, the City and the Agency will suffer actual damages that will be impractical or extremely difficult to determine; further, each Underwriter agrees that the sum of $100 liquidated damages for the first breach, $200 liquidated damages for the second breach in the same year, and $500 liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the City and the Agency will incur based on the violation, established in light of the circumstances existing at the time this Purchase Contract was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City and the Agency because of such Underwriter's failure to comply with this provision.

(t) ***Conflicts of Interest.*** Through its execution of this Purchase Contract, each Underwriter acknowledges that it is familiar with the provisions of Section 15.103 of the City Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the Agency if it becomes aware of any such fact during the term of this Purchase Contract.

As to Exhibit A of this Purchase Contract:

[UNDERWRITER[S]], as Underwriter

By ______________________________

Name ____________________________

Title _____________________________

EXHIBIT B

FORM OF CERTIFICATE OF THE AGENCY

The undersigned ___________, ________________ and __________, respectively, of the San Francisco Municipal Transportation Agency (the "Agency"), acting in their official capacities, hereby certify as follows in connection with the issuance of $__________ aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 (the "Bonds"):

1. The persons named below are now, and at all times from and after ________ 1, 2016, have been duly appointed and qualified officers of the Agency holding the offices of the Agency set forth opposite their respective names, and each of the undersigned certifies that the signature affixed following the other of the undersigned's name and office is the genuine signature of such person.

2. The representations of the Agency contained in the Bond Purchase Contract, dated ___________, 2016 (the "Purchase Contract"), between [Representative], acting on its behalf and on behalf of [Underwriter[s]], as the underwriters of the Bonds, and the Agency, are true, complete and correct as of the date hereof as if made on the date hereof.

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

Dated: ___________, 2016.

Name	Office	Signature

EXHIBIT C

FORM OF OPINION OF ISSUER COUNSEL
[LETTERHEAD OF CITY ATTORNEY]

________, 2016

San Francisco Municipal Transportation Agency
San Francisco, California

[Underwriter[s]]

Re: $________ San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016

Ladies and Gentlemen:

In connection with the execution and delivery of the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 (the "Bonds"), I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, public records and other instruments and have conducted such other investigations of fact and law as I deemed necessary for the purpose of this opinion.

I am of the opinion that:

1. The San Francisco Municipal Transportation Agency (the "Agency") is a charter department of the City and County of San Francisco, with full legal right, power and authority to enter into and perform its obligations under: (a) the Indenture of Trust, dated as of July 1, 2012 by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee") (the "Indenture of Trust"), as supplemented by that Fourth Supplement to Indenture of Trust (the "Fourth Supplement" and, together with the Indenture of Trust, the "Indenture"), dated as of ________ 1, 2016, by and between the Agency and the Trustee; (b) the Bond Purchase Contract, dated ________, 2016 (the "Purchase Contract"), between [Representative], acting on its behalf and on behalf of [Underwriter[s]], as the underwriters of the Bonds, and the Agency; and (c) the Continuing Disclosure Certificate, dated ________, 2016 (the "Continuing Disclosure Certificate"), executed by the Agency. The Indenture, the Purchase Contract and the Continuing Disclosure Certificate are collectively referred to herein as the "Agency Documents."

2. The resolution of the Agency approving and authorizing the execution and delivery of the Agency Documents and the distribution of the Preliminary Official Statement (as defined in the Purchase Contract) and the Official Statement (as hereinafter defined) by the Agency (the "Agency Resolution") was duly adopted at a meeting of the Board of Directors of the Agency, and the resolution of the Board of

Supervisors of the City approving the issuance of the Bonds by the Agency (collectively with the Agency Resolution, the "Resolutions") was duly adopted at a meeting of the Board of Supervisors of the City, which each of the foregoing meetings were called and held pursuant to law and with all public notice required by law and at which quorums were present and acting throughout.

3. The Agency Documents have been duly authorized, executed and delivered by the Agency and assuming that such documents are valid and binding upon each of the other respective parties thereto, if any, each is valid and binding upon and enforceable against the Agency in accordance with its respective terms, except that enforceability may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights in general, by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State of California.

4. The execution and delivery of the Agency Documents and compliance with the provisions thereof do not and will not conflict with or constitute on the part of the Agency a breach or default under any existing law, regulation, court order or consent decree to which the Agency is subject or, to the best of my knowledge after due inquiry, any agreement or instrument to which the Agency is a party or by which the Agency is bound.

5. All actions on the part of the Agency necessary for the making and performance of the Agency Documents have been duly and effectively taken and no consent, authorization or approval of or filing or registration with, any governmental or regulatory officer or body not already obtained or not obtainable in due course by the Agency is required for the making and performance of the Agency Documents.

6. Except as disclosed in the Official Statement, dated ________, 2016 with respect to the Bonds (the "Official Statement"), no litigation, action, suit or proceeding is known to be pending (with service of process having been accomplished) or threatened (a) restraining or enjoining the execution or delivery of the Bonds or the Agency Documents; or (b) in any way contesting or affecting the validity of the Resolutions, the Bonds, the Agency Documents or any proceedings of the Agency taken with respect to the foregoing; or (c) which if determined adversely to the Agency would have a material adverse effect on its operations or finances.

Very truly yours,

By ______________________________

EXHIBIT D

FORM OF SUPPLEMENTAL OPINION OF CO-BOND COUNSEL

[LETTERHEAD OF CO-BOND COUNSEL]

________, 2016

San Francisco Municipal Transportation Agency
San Francisco, California

J.P. Morgan Securities LLC, as representative of the underwriters
San Francisco, California

Re: San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016

Ladies and Gentlemen:

This letter is addressed to you pursuant to Section 9(c)(vii) of the Bond Purchase Contract, dated ________, 2016 (the "Purchase Contract"), between [Representative], acting on its behalf and on behalf of [Underwriter[s]], as the underwriters of the Bonds (the "Underwriters"), and the San Francisco Municipal Transportation Agency ("Agency"), providing for the purchase of $[Principal Amount] aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 (the "Bonds"). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of July 1, 2012 (the "Indenture of Trust"), as previously supplemented and as supplemented by a Fourth Supplement to the Indenture of Trust dated as of ________ 1, 2016 (the "Fourth Supplement" and, together with the Indenture of Trust, and all prior supplements, the "Indenture"), each between the Agency and U.S. Bank National Association, as trustee. Unless otherwise defined herein, or the context otherwise requires, capitalized terms used herein shall have the respective meanings ascribed thereto in the Indenture or, if not defined in the Indenture, in the Purchase Contract.

On the date hereof we have rendered to the Agency our final opinion concerning the validity of the Bonds and certain other matters. The Underwriters may rely on said opinion as if it were addressed to them.

In addition to the opinions set forth in our final legal opinion concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Agency, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Purchase Contract has been duly authorized, executed and delivered by the Agency and (assuming due authorization, execution and delivery by and validity against

the other party thereto) is a valid and binding agreement of the Agency enforceable in accordance with its terms. We call attention to the fact that the rights and obligations under the Purchase Contract may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public entities in the State of California.

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

3. The statements contained in the Official Statement under the captions "TERMS OF THE SERIES 2016 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS" and "APPENDIX D—SUMMARY OF THE LEGAL DOCUMENTS" and "APPENDIX G—PROPOSED FORM OF LEGAL OPINION OF CO-BOND COUNSEL," insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture, and the opinion of Co-Bond Counsel concerning certain federal tax matters relating to the Bonds, constitute a fair summary of the provisions they purport to summarize and are accurate in all material respects.

4. The Continuing Disclosure Certificate has been duly executed and delivered by the Agency and is a valid and binding agreement of the Agency. No opinion regarding the adequacy of the Continuing Disclosure Certificate for purposes of S.E.C. Rule 15c2-12 may be inferred from this opinion.

Very truly yours,

EXHIBIT E

FORM OF OPINION OF DISCLOSURE COUNSEL

[LETTERHEAD OF DISCLOSURE COUNSEL]

________, 2016

San Francisco Municipal Transportation Agency
San Francisco, California

Re: San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016

Ladies and Gentlemen:

We have acted as disclosure counsel to the San Francisco Municipal Transportation Agency (the "SFMTA") in connection with the issuance on this date of $__________ aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 ("Bonds"). As disclosure counsel to the SFMTA, we have deferred on certain matters to the City Attorney of the City and County of San Francisco (the "City Attorney").

In that connection, we have reviewed a printed copy of the official statement of the SFMTA with respect to the Bonds, dated ________, 2016 (the "Official Statement"), certificates of the SFMTA and others, the opinions of Norton Rose Fulbright US LLP and Amira Jackmon, Attorney at Law, co-bond counsel ("Co-Bond Counsel"), and such other records, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the conclusion hereinafter expressed. We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement.

In arriving at the conclusion hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein, including, without limitation, any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds and the exclusion of interest thereon from gross income for federal income tax purposes, and the application of Bond proceeds in accordance with the authorization therefor). We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine. Our services did not include financial or other non-legal advice.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as disclosure counsel to the SFMTA, to assist it in discharging its responsibility with respect to the Official Statement, we participated in conferences with representatives of the SFMTA, the City, the City Attorney, the Co-Financial Advisors, Co-Bond Counsel, the Underwriters, counsel to the Underwriters and others, during which the contents of the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences, and in reliance thereon, on oral and written statements of the SFMTA and others and on the records, documents, certificates, opinions and matters mentioned above, we advise you as a matter of fact and not opinion that, during the course of our role as disclosure counsel with respect to the Bonds, no facts came to the attention of the attorneys in our firm rendering legal services in connection with such role which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about valuation, appraisals, absorption, real estate or environmental matters, any management discussions and analysis, information under the captions "ABSENCE OF LITIGATION," "RATINGS," and "UNDERWRITING," Appendices A, C, D, F and G thereto, or any information about book-entry, tax exemption or other tax matters, The Depository Trust Company included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or opinion rendered with respect to any other disclosure document, materials or activity.

By acceptance of this letter the SFMTA recognizes and acknowledges that: (a) the preceding paragraph is not an opinion but in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as disclosure counsel; (b) the scope of those activities performed by us for purposes of delivering this letter were inherently limited and do not purport to encompass all activities necessary for compliance with applicable securities laws; and (c) those activities performed by us rely on third party representations, warranties, certifications and opinions, including and primarily, representations, warranties and certifications made by the SFMTA, and are otherwise subject to the conditions set forth herein.

This letter is furnished to you by us as disclosure counsel to the SFMTA. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

HAWKINS DELAFIELD & WOOD LLP

EXHIBIT F

FORM OF OPINION OF DISCLOSURE COUNSEL
[LETTERHEAD OF DISCLOSURE COUNSEL]

________, 2016

[Underwriter[s]]

Re: San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016

Ladies and Gentlemen:

We have acted as disclosure counsel to the San Francisco Municipal Transportation Agency (the "SFMTA") in connection with the issuance on this date of $__________ aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 (the "Bonds"). This letter is addressed to you, as Underwriters, pursuant to Section 9(c)(ix) of the Bond Purchase Contract, dated ________, 2016, between the Underwriters and the SFMTA. As disclosure counsel to the SFMTA, we have deferred on certain matters to the City Attorney of the City and County of San Francisco (the "City Attorney").

In that connection, we have reviewed a printed copy of the official statement of the SFMTA with respect to the Bonds, dated ________, 2016 (the "Official Statement"), certificates of the SFMTA and others, the opinions of Norton Rose Fulbright US LLP and Amira Jackmon, Attorney at Law, co-bond counsel ("Co-Bond Counsel"), and such other records, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the conclusion hereinafter expressed. We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement.

In arriving at the conclusion hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein, including, without limitation, any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds and the exclusion of interest thereon from gross income for federal income tax purposes, and the application of Bond proceeds in accordance with the authorization therefor). We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine. Our services did not include financial or other non-legal advice.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as disclosure counsel to the SFMTA, to assist it in discharging its responsibility with respect to the Official Statement, we participated in conferences with representatives of the SFMTA, the City, the City Attorney, the Co-Financial Advisors, Co-Bond Counsel, the Underwriters, counsel to the Underwriters and others, during which the contents of the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences, and in reliance thereon, on oral and written statements of the SFMTA and others and on the records, documents, certificates, opinions and matters mentioned above, we advise you as a matter of fact and not opinion that, during the course of our role as disclosure counsel with respect to the Bonds, no facts came to the attention of the attorneys in our firm rendering legal services in connection with such role which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about valuation, appraisals, absorption, real estate or environmental matters, any management discussions and analysis, information under the captions "ABSENCE OF LITIGATION," "RATINGS" and "UNDERWRITING," Appendices A, C, D, F and G thereto, or any information about book-entry, tax exemption or other tax matters, The Depository Trust Company included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or opinion rendered with respect to any other disclosure document, materials or activity.

This letter is furnished to you by us as disclosure counsel to the SFMTA. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Bonds or by virtue of this letter, and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

HAWKINS DELAFIELD & WOOD LLP

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No.15-154

WHEREAS, GSW Arena LLC (GSW), an affiliate of Golden State Warriors, LLC, which owns and operates the Golden State Warriors National Basketball Association (NBA) team (including any successor owner or operator of the Event Center) (the "Project Sponsor"), has proposed to construct a multi-purpose event center and a variety of mixed uses, including office, retail, open space and structured parking on an approximately 11-acre site on Blocks 29-32 within the Mission Bay South Redevelopment Plan Area of San Francisco; and,

WHEREAS, The Office of Community Investment and Infrastructure, successor to the former Redevelopment Agency of the City and County of San Francisco ("OCII"), in accordance with the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq. ("CEQA"), and acting in its capacity as lead agency as defined in Public Resources Code Section 21067, prepared a Final Subsequent Environmental Impact Report ("FSEIR") for the proposed Golden State Warriors Event Center and Mixed-Use Development at Mission Bay Blocks 29-32 (the "Event Center Project") consisting of the Draft Subsequent Environmental Impact Report ("GSW DSEIR"), the comments received during the review period, any additional information that became available after the publication of the GSW DSEIR, and the Draft Summary of Comments and Responses, all as required by law, copies of which are available through the Secretary of the SFMTA Board of Directors and at www.gsweventcenter, and are incorporated herein by reference; and,

WHEREAS, On November 3, 2015, the Commission on Community Investment and Infrastructure reviewed and considered the FSEIR and certified the FSEIR in compliance with CEQA; and,

WHEREAS, The FSEIR files, other Project-related OCII files, and other materials have been available for review by the SFMTA Board of Directors and the public with the OCII Board Secretary at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, through the SFMTA Board Secretary, which files are incorporated herein by reference and made part of the record before this Board; and,

WHEREAS, The SFMTA Board of Directors, acting in its capacity as a responsible agency under CEQA, Public Resources Code Section 21069, has reviewed and considered the information contained in the FSEIR for the Event Center Project; and,

WHEREAS, The SFMTA Board of Directors has also reviewed and considered a Transportation Service Plan, Local/Hospital Access Plan, and Designated Overlapping Event Transportation Strategies, as such terms are described below, and other measures, including measures by the Event Center Project's sponsor, to address transportation conditions relating to the Event Center Project; and, WHEREAS, The Transportation Service Plan collectively refers to the Muni Special Event Transit Service Plan, the Transit Network Improvements (procurement of four light rail vehicles, extending and raising the northbound passenger platform or the variant for a center platform, constructing crossover tracks, among other capital expenditures), and the Event Transportation Management Strategies (including staffing of parking control officers), as more particularly described in a letter from the Director of Transportation to the OCII Executive Director dated May 15, 2015 ("May 2015 Director Letter"), and a supplemental letter dated October 6, 2015 ("Supplemental Director Letter"), which letters are incorporated by reference as though fully set forth; and,

WHEREAS, The Local/Hospital Access Plan is comprised of a variety of actions (identified in Enclosure 5 to the staff report for this matter at the November 3, 2015 SFMTA Board meeting) to facilitate movements in and out to residents of the Mission Bay Area and employees of the University of California at San Francisco ("UCSF") that would be implemented for the pre-event period for large weekday evening events at the Event Center (those events with more than 12,500 attendees that start between 6:00 and 8:00 pm, on average); and,

WHEREAS, The Designated Overlapping Event Transportation Strategies are included in the FSEIR as part of Mitigation Measure TR-11c and incorporated herein by reference as though fully set forth; these Strategies will assist to manage traffic flows and minimize congestion associated with non-Golden State Warriors events of 12,500 or more attendees overlapping with San Francisco Giants regular season evening games at AT&T Park (during weekday peak pre-event period, with overlapping events starting between 6:00 and 8:00 pm, on average) and to incentivize event attendees and UCSF employees to use alternatives to the private automobile; and

WHEREAS, The SFMTA Board of Directors acknowledges that the Board of Supervisors will consider an ordinance (the "Fund Ordinance") amending the Administrative Code to establish a special reserve fund within the General Fund called the Mission Bay Transportation Improvement Fund (the "Fund") to pay for City services and the costs of financing capital improvements addressing transportation and other needs of the community in connection with events at the Event Center Project; and,

WHEREAS, The SFMTA Board of Directors expects that monies available in the Fund, together with revenues generated by the Event Center Project that are dedicated to the SFMTA under the Charter, will more than cover the SFMTA's operating costs and costs of financing capital investments associated with implementing the Transportation Service Plan, the Local/Hospital Access Plan, and the Designated Overlapping Event Transportation Strategies; and,

WHEREAS, UCSF and the Event Center Project Sponsor requested that the City and County of San Francisco establish an advisory committee (the "Advisory Committee") to advise on use of the Fund and also identify data collection measures that could inform strategies to make hospital employee travel times more predictable, better manage staff work shift transitions for these employees, and facilitate their on-time performance during a specified period for certain overlapping events with large attendance at the Event Center and Giants games AT&T Park; and,

WHEREAS, The Advisory Committee will be tasked with identifying whether traffic congestion affecting access by hospital employees occurs in the pre-event peak period (for this purpose, 6:00 - 7:30 pm) during weekday evenings when there is an event–other than a Warriors game–with more than 12,500 people at the Event Center and a regular season evening Giants game at AT&T Park, based on review of travel time data collected by the SFMTA for specific routes to the UCSF parking garage at 1835 Owens Street, more specifically identified in the Improved Hospital Employee Access Transportation Strategies During Overlapping Events (Enclosure 7 to the staff report for this matter at the November 3, 2015 SFMTA Board meeting), and incorporated by reference as though fully set forth (the "Improved Hospital Employee Access Strategies"); and

WHEREAS, The SFMTA Board of Directors further acknowledges that through the proposed Fund Ordinance, the Board of Supervisors may create an Advisory Committee to be the central City-sponsored community advisory body charged with providing input to the Board of Supervisors, the SFMTA, San Francisco Public Works ("SFPW"), the San Francisco Police Department ("SFPD") and decision makers regarding use of monies in the Fund, and that the Advisory Committee shall perform the following functions as needed:

(a) Collaborate with the SFMTA on prioritizing the community improvement projects for required uses of the Fund and identifying implementation details as part of the SFMTA's budget process;

(b) Recommend to the SFMTA uses of the Designated Overlapping Event Reserve established through the Fund Ordinance;

(c) Collaborate with the SFMTA, SFPW, SFPD, and decision makers in the monitoring of the required uses of the Fund, including expenditure of the Designated Overlapping Event Reserve, for the purpose specified in the Fund Ordinance; and,

(d) Review travel time data collected by the SFMTA for routes to the Event Center to determine if traffic conditions associated with the Event Center, especially when there are weekday evening overlapping events with large attendance at the Event Center and AT&T Park, should entail additional City actions and expenditures from the Fund or the Designated Overlapping Event Reserve, and make recommendations to the SFMTA on such actions and expenditures; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors, in relation to the actions set forth herein, adopts all of the following as they relate to the Event Center Project identified in the FSEIR for the Event Center Project:

(a) findings under CEQA, which are attached to this Resolution as Enclosure 2 and incorporated by reference as though fully set forth (the "CEQA Findings");

(b) the mitigation measures, or designated portions of such measures, and the improvement measures, identified in the CEQA Findings, including, but not limited to, the Designated Overlapping Event Transportation Strategies (collectively the "SFMTA Mitigation and Improvement Measures");

(c) the Statement of Overriding Consideration in the FSEIR for the Event Center Project, contained in the CEQA Findings; and

(d) the Mitigation Monitoring and Reporting Plan (the "MMRP"), Exhibit 1 to the CEQA Findings, which is incorporated by reference as though fully set forth; and, be it further

RESOLVED, That the SFMTA Board of Directors recognizes and acknowledges that should the Board of Supervisors not adopt the Fund Ordinance, the SFMTA Board of Directors has funds available at its sole discretion that are included in the Expenditure Plan, described below, and adopted as part of this Resolution that will be used to pay for mitigation measures M-TR-6 and M-TR-13 in order to reduce the impacts identified in the FSEIR and the MMRP to a less than significant level;

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to execute an agreement between the Office of Community Investment and Infrastructure (OCII) and the SFMTA, in which OCII designates the SFMTA as OCII's representative for the required monitoring and reporting of applicable transportation-related mitigation measures in the MMRP for the Event Center Project, including the SFMTA Mitigation and Improvement Measures, and agrees to reimburse the SFMTA for such services, which agreement will be subject to approval as to form by the City Attorney; and, be it further

RESOLVED, That, subject to obtaining sufficient funding and in accordance with the provisions of this Resolution, the SFMTA Board of Directors approves those elements of the Event Center Project that are under SFMTA jurisdiction, including:

(a) the Transportation Service Plan that is part of the Project description of the Event Center Project in the FSEIR, including the capital expenditures for procuring four light rail vehicles, extending and raising the northbound passenger platform or the variant for a center platform (as determined by the Director of Transportation, in his or her discretion), and constructing crossover tracks, among other capital expenditures; all as identified in the May 2015 Director Letter; and

(b) the Local/Hospital Access Plan, which is incorporated by reference as though fully set forth, to facilitate movement within the Mission Bay area for residents and non-Event Center employees and for University of California at San Francisco hospital employees and patients during the pre-event period for weekday evenings when Warriors games or other events with anticipated attendance of more than 12,500 persons occur at the Event Center; and be it further

RESOLVED: That the SFMTA Board of Directors modifies Enclosure 2 to incorporate the changes to the Mitigation, Monitoring and Reporting Program that staff read into the record at the November 3, 2015 meeting of the SFMTA Board of Directors; and be it further

RESOLVED, That the SFMTA Board of Directors agrees to seek and expend funds for transportation-related capital and operating costs for the Transportation Service Plan projects discussed in the May 2015 Director Letter, as well as the Local/Hospital Access Plan, the SFMTA Mitigation and Improvement Measures, and other measures, in accordance with the Expenditure Plan, as set forth in the Supplemental Director Letter, which Expenditure Plan updates and modifies the expenditure plan set forth in the May 2015 Director Letter, provided that implementation of such Expenditure Plan shall be subject to SFMTA's obtaining sufficient funding to pay for such costs consistent with this Resolution and the Fund Ordinance; and, be it further

RESOLVED, That the SFMTA Board of Directors recommends that the Board of

Supervisors approve the Fund Ordinance substantially in the form on file with the SFMTA Board of Directors, with any such changes as the SFMTA Director of Transportation may, in his or her discretion, concur in as they affect SFMTA jurisdiction; and, be it further

RESOLVED, That the SFMTA Board of Directors accepts the terms and conditions of the proposed Fund Ordinance that apply to the SFMTA, including, but not limited to, coordinating with SFPW and SFPD in budgeting funds for the Event Center Project, holding a public hearing on the proposed Event Center Project budget in conjunction with the hearing on the SFMTA's regular two-year budget, considering recommendations of the Advisory Committee established under the proposed Fund Ordinance and in accordance with the standards of the Fund Ordinance, and expending funds consistent with the Expenditure Plan and the purpose of the Fund Ordinance; and, be it further

RESOLVED, That the SFMTA Board of Directors directs the Director of Transportation, in consultation with the City Traffic Engineer and the Advisory Committee, to monitor and manage the flow of transit and traffic surrounding the Event Center, including using funds in the Designated Overlapping Event Reserve and also any balance in the Fund that is not then budgeted for other purposes, to prevent any considerable additional traffic congestion from occurring in the pre-event peak period (for this purpose, 6-7:30 p.m.) during weekday evenings when there is an event - other than a Warriors game - with more than 12,500 people at the Event Center and a regular season evening Giants game at AT&T Park, consistent with the Designated Overlapping Event Transportation Strategies; and, be it further

RESOLVED, That the SFMTA Board of Directors delegates to the Director of Transportation, or designee, in his or her discretion and in accordance with the uses set forth in the Designated Overlapping Event Transportation Strategies, the authority to expend monies in the Designated Overlapping Event Reserve, including, but not limited to, executing contracts using such monies, up to the amount in the Designated Overlapping Event Reserve at the time of the expenditure, and requests that the Director of Transportation provide an annual written report to the SFMTA Board of Directors on expenditures from the Designated Overlapping Event Reserve; and, be it further

RESOLVED, If the Advisory Committee finds that a specified additional travel time delay for hospital employees exceeds the median travel time (the "Delay Metric") specified in the Improved Hospital Employee Access Strategies, and the Advisory Committee recommends using, in addition to the Designated Overlapping Event Reserve, any balance in the Fund that is not budgeted for other purposes under this Resolution and the Fund Ordinance, for services or capital projects to address such occurrence, then the Director of Transportation shall consider approving such recommendations, which approval the Director shall not unreasonably withhold or delay so long as such recommendations are consistent with the Improved Hospital Employee Access Strategies, and the Director shall take such actions as are necessary to seek any required approvals and implement such recommendations; and, be it further

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to approve any modification to the Delay Metric if the Advisory Committee recommends such modification under the Improved Hospital Employee Access Strategies based on SFMTA data collection and experience in using various strategies to address traffic conditions; and, be it

RESOLVED, That the Director of Transportation shall consult with the Advisory Committee regarding expenditures from the Fund and the Designated Overlapping Event Reserve and send an explanatory report to the SFMTA Board of Directors if the Director determines not to follow particular recommendations of the Advisory Committee; and, be it further

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to obtain any further approvals and carry out any actions needed to implement the Event Center Project, including, but not limited to, implementing the Transportation Service Plan, Local/Hospital Access Plan and Designated Overlapping Event Transportation Strategies and providing administrative support and staffing for the Advisory Committee referenced above.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of November 3, 2015.

R. Boomer

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-150

WHEREAS, The Third Street Light Rail Project Final Environmental Impact Statement/Environmental Impact Report (FEIS/FEIR) was certified in November 1998; and,

WHEREAS, On January 19, 1999, the Public Transportation Commission approved Resolution No. 99-009, which adopted the environmental findings for the Third Street Light Rail Project, including mitigation measures set forth in the 1998 FEIS/FEIR and Mitigation Monitoring Report; and,

WHEREAS, The Federal Transit Administration issued a Record of Decision on the 1998 FEIS/FEIR for the IOS on March 16, 1999; and,

WHEREAS, The Central Subway is the second phase of the Third Street Light Rail Project; and,

WHEREAS, Studies undertaken subsequent to the Final EIS/EIR certification identified a new Fourth/Stockton Alignment to be evaluated for the Central Subway Project; and,

WHEREAS, On June 7, 2005, the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors adopted Resolution 05-087, selecting the Fourth/Stockton Alternative (Alternative 3A) as the Locally Preferred Alternative (LPA) to be carried through the Supplemental EIS/EIR (SEIS/SEIR) and the federal New Starts process; and,

WHEREAS, Alternative 3B, Fourth/Stockton Alignment, was developed as a modified LPA in response to comments received through the public scoping process for the SEIS/SEIR initiated in June 2005 and also as a result of preliminary cost estimates identifying the need for Project cost savings; and,

WHEREAS, On October 17, 2007, SFMTA released for public comment a Draft SEIS/SEIR for the Central Subway Project, which evaluated a reasonable range of alternatives including: No Build/TSM (Alternative 1); Enhanced EIS/EIR Alternative (Alternative 2); Fourth/Stockton Alignment, LPA (Alternative 3A); and Fourth/Stockton Alignment, Modified LPA (Alternative 3B) with semi-exclusive surface right-of-way and mixed-flow surface operation options; and,

WHEREAS, The semi-exclusive surface right-of-way option for Alternative 3B, Fourth/Stockton Alignment, Modified LPA, would improve surface rail operations on Fourth

Street and reduce travel times for Central Subway patrons when compared to the mixed-flow option; and,

WHEREAS, The majority of comments received during the public comment period that concluded on December 10, 2007 supported construction of the Central Subway Project, and support was greater for Alternative 3B as the LPA; and,

WHEREAS, The SEIS/SEIR concluded that Alternative 3B will have significant unavoidable environmental impacts to traffic, historic resources and socioeconomics; and,

WHEREAS, The SEIS/SEIR identified Alternative 3B as the environmentally superior Build Alternative and the only fully funded alternative; and,

WHEREAS, The three other alternatives analyzed in the SEIS/SEIR, including a No Project/TSM Alternative, an Enhanced EIS/EIR Alignment (Alternative 2) and a Fourth/Stockton Alignment (Alternative 3A), are addressed, and found to be infeasible, in the CEQA Findings attached as Enclosure 3, which are incorporated herein by reference as though fully set forth. The CEQA Findings also set forth the benefits of the project that override its unavoidable significant impacts to traffic, historic resources and socioeconomics; and,

WHEREAS, The Final SEIS/SEIR was prepared to respond to comments on the Draft SEIS/SEIR and was distributed on July 11, 2008; and,

WHEREAS, the San Francisco Planning Commission certified the SEIS/SEIR as adequate, accurate and objective and reflecting the independent judgment of the Commission on August 7, 2008; and,

WHEREAS, The SFMTA Board has reviewed and considered the information contained in the SEIS/SEIR; and,

WHEREAS, the Central Subway project will assist SFMTA in meeting the objectives of Strategic Plan Goal No. 1 to provide safe, accessible, clean, environmentally sustainable service and encourage the use of auto-alternative modes through the Transit First policy; Goal No. 2 to improve transit reliability; Goal No. 3 to improve economic vitality through improved regional transportation; and Goal No. 4 to ensure the efficient and effective use of resources; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors adopts the Central Subway Project Alternative 3B, Fourth/Stockton Alignment with semi-exclusive surface rail operations on Fourth Street and a construction variant to extend the tunnel another 2,000 feet north of Jackson Street to extract the Tunnel Boring Machine in a temporary shaft on Columbus Avenue near Union Street; and be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of

Directors adopts the CEQA Findings and Statement of Overriding Considerations for the SEIS/SEIR attached as Enclosure 3, and adopts the Mitigation Monitoring and Reporting Plan attached as Enclosure 4; and be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Executive Director/CEO to direct staff to continue with otherwise necessary approvals and to carry out the actions to implement the project.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of AUG 19 2008.

R. Boomer

Secretary, San Francisco Municipal Transportation Agency Board

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS
RESOLUTION No. 16-044

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

WHEREAS, The SFMTA desires to finance the costs of certain transportation projects, including, but not limited to, the following SFMTA capital improvement programs: Muni Transit Safety and Spot Improvements, Street Capital Improvements, Facility Improvements, Transit Fixed Guideway, including the Van Ness Transit Improvement Project (Van Ness BRT), Pedestrian Safety and Traffic Signal Improvements, and Muni Light Rail Vehicle Procurement (LRV procurement) (collectively, the Project); and,

WHEREAS, To fund a portion of the Project related to the transportation capital improvements associated with the proposed Mixed Use Development at Mission Bay Blocks 29-32 at a cost estimated not to exceed $45,000,000 (Mission Bay Component), the City, through its Mission Bay Transportation Improvement Fund or through other sources, has agreed to reimburse the SFMTA for debt service for the Bonds and any other costs that are related to financing these improvements; and,

WHEREAS, The City's obligation to reimburse the SFMTA for all financing-related costs associated with the Mission Bay Component long will be set forth in a memorandum of understanding or similar agreement between the Controller and the SFMTA prior to the issuance of any Bonds for this purpose; and,

WHEREAS, The SFMTA desires to issue its revenue bonds in an aggregate amount not to exceed $207,000,000 (Bonds), composed of not to exceed $162,000,000 for various SFMTA transportation capital improvements and various financing costs; and $45,000,000 for the Mission Bay Component in one or more series on one or more dates to fund the Project; and,

WHEREAS, The SFMTA desires to enter into a Bond Purchase Contract in connection with the Bonds (Purchase Contract) with an underwriter or underwriters named therein, or alternatively, to issue an Official Notice of Sale in connection with the Bonds (Official Notice of Sale) and cause the publication of a Notice of Intention to Sell Bonds in The Bond Buyer or another financial publication generally circulated throughout the State of California (Notice of Intention to Sell Bonds); and,

WHEREAS, The SFMTA has been presented with the form of certain documents related to the revenue bonds, including the Fourth Supplement to Indenture of Trust, the Purchase Contract, the Preliminary Official Statement (defined below), and the Continuing Disclosure Certificate (defined below); and, WHEREAS, The SFMTA intends to fund the Project with proceeds from the Bonds in an amount not to exceed $207,000,000, the interest upon which is excluded from gross income for federal income tax purposes; and,

WHEREAS, The SFMTA has determined that the moneys advanced and to be advanced to pay certain expenditures of the Project (Expenditures) are or will be available only for a temporary period, and it is necessary to reimburse all such Expenditures made no earlier than 60 days prior to the date of this Resolution from proceeds of the Bonds; and,

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the SFMTA to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of the Bonds; and,

WHEREAS, The Department of City Planning of the City and County of San Francisco has determined that the replacement and expansion vehicle portions of the LRV procurement are statutorily exempt under Section 21080(b)(11) of the California Resources Code and Section 15275(a) of the implementing California Environmental Quality Act (CEQA) Guidelines because those portions of the LRV procurement involve an increase of service on rail lines already in use; and,

WHEREAS, The LRVs for the Central Subway Project were reviewed as part of the Central Subway Final Supplemental EIS/EIR, certified by the Planning Commission on August 7, 2008, and on August 19, 2008, the SFMTA Board of Directors, in Resolution No. 08-150, adopted the findings and conclusions with respect to Central Subway Final Supplemental EIS/EIR; and,

WHEREAS, On July 15, 2014, the SFMTA Board of Directors adopted Resolution No. 14-12 to approve the agreement to procure the LRVs; at that time, based on its review of the Final Supplemental EIS/EIR, the SFMTA Board found that no additional environmental review was required under Public Resources Code section 21166; and,

WHEREAS, On May 15, 2012, the SFMTA Board of Directors adopted Resolution No. 12-070, which identified and endorsed the Locally Approved Alternative (LPA) for the Van Ness BRT Project, "*The Center-running BRT with Right Side Boarding Platforms Single Median and Limited Left Turns*," for further analysis in the Final Environmental Impact Statement/Environmental Impact Report (Van Ness BRT Final EIS/EIR); and,

WHEREAS, On September 10, 2013, the San Francisco County Transportation Authority (Authority) Board certified the Van Ness BRT Final EIS/EIR, including an amendment to include the Vallejo Northbound Station Variant as adequate, accurate and objective and reflecting the independent judgment of the Authority; and,

WHEREAS, On September 17, 2013, the SFMTA Board of Directors adopted Resolution No. 13-214, approving the Van Ness BRT Project, analyzed as the Locally Preferred Alternative in the Van Ness BRT Final EIS/EIR for the Project, including an amendment to include the Vallejo Northbound Station Variant in the approval of the LPA, and adopted the CEQA Findings and Statement of Overriding Considerations for the Van Ness BRT Final EIS/EIR; and, WHEREAS, The Project files, including the Final EIS/EIR and SFMTA Resolution No. 13-214, have been made available for review by the SFMTA and the public, and those files are part of the record before this Board; and,

WHEREAS, Since the adoption of the CEQA Findings and the approval of the Van Ness BRT Project, the SFCTA has prepared a memo to file dated July 15, 2014, titled "*Van Ness Avenue Bus Rapid Transit Project – Environmental Compliance for the Proposed Parking Removal from Conceptual Engineering Report*" (Memo to File), which concludes that the removal of eleven parking spaces more than assumed in the Van Ness BRT Final EIS/EIR, as proposed by the SFMTA in its Conceptual Engineering Report, will not result in a new significant environmental impact due to parking loss; further, on March 4, 2016, the SFCTA issued an "*Addendum to Environmental Impact Report*" for the Van Ness BRT Project (the Addendum), which concludes that removal and replacement of various trees along the Van Ness corridor not previously identified in the Van Ness BRT Project Final EIS/EIR would not result in a new significant environmental impact; and,

WHEREAS, Based on its review and consideration of the information contained in the Van Ness BRT Final EIS/EIR, the SFMTA Board found, on July 7, 2015, under Resolution No. 15-108, that the proposed actions to remove parking spaces are within the scope of the Van Ness BRT Project Final EIS/EIR and that no additional environmental review is required under Public Resources Code section 21166; and,

WHEREAS, Based on its review of the Addendum, the SFMTA Board finds that proposed actions to remove and replace trees, as outlined in the Addendum, are within the scope of the Van Ness BRT Project Final EIS/EIR and that no additional environmental review is required under Public Resources Code section 21166; and

WHEREAS, Hereinafter, the Van Ness BRT Project Final EIS/EIR, including the memo to File and Addendum, shall be collectively referred to as the "Van Ness BRT Project Final EIS/EIR"; and

WHEREAS, On November 3, 2015, the San Francisco Commission on Community Investment and Infrastructure (CCII), the successor agency to the former Redevelopment Agency, reviewed and considered the Final Subsequent Environmental Impact Report (FSEIR) for the Golden State Warriors (GSW) Event Center and Mixed Use Development at Mission Bay Blocks 29-32 (GSW Project), a proposed multi-purpose event center and mixed-use project being proposed by GSW Arena, an affiliate of Golden State Warriors LLC, and, by CCII Resolution No. 69-2015, certified the FSEIR in compliance with CEQA; the CCII also approved the GSW Project by the adoption of Resolutions No. 70-2015 (adopting CEQA Findings), No. 71- 2015 (approving amendments to the Mission Bay South Design for Development), and No.72-2015 (conditionally approving the Major Phase and Basic Concept/Schematic Design applications for the Project); and,

WHEREAS, On November 3, 2015, under Resolution No. 15-154, the SFMTA Board took various actions in regard to the Project, including, but not limited to, adopting the GSW Project's CEQA findings for the Project as applicable to the SFMTA, and recommending legislation to the Board of Supervisors for the establishment of a fund to help pay for City services and the Mission Bay Component; and, WHEREAS, On December 8, 2015, in response to an appeal of the FSEIR from the Mission Bay Alliance, the Board of Supervisors approved Motion M15-178, affirming the CCII's certification of the Project FSEIR (Board of Supervisors File No. 150991); and,

WHEREAS, In order to continue to plan, design, conduct additional outreach, and construct the capital improvements associated with the Mission Bay Component, including the center platform variant for the T-Line, as selected by the Director of Transportation, the Agency plans to use funds from the Bonds; now, therefore, be it

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

FURTHER RESOLVED, That the SFMTA Board of Directors has reviewed and considered the Central Subway Project Final Supplemental EIS/EIR and record as a whole, finds that the Central Subway Project Final Supplemental EIS/EIR is adequate for the Board's use as the decision-making body for the actions taken herein relative to possible funding of the LRV procurement project by the Bonds, incorporates the CEQA findings contained in SFMTA Board Resolution No. 08-150, by this reference as though set forth in this Resolution; and be it

FURTHER RESOLVED, That the SFMTA Board further finds that since the Central Subway Project Final Supplemental EIS/EIR was finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the Central Subway Project Final Supplemental EIS/EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Central Subway Project Final Supplemental EIS/EIR; and be it

FURTHER RESOLVED, That the SFMTA Board has reviewed and considered the Van Ness BRT FEIR and record as a whole, finds that the Van Ness BRT FEIR is adequate for the Board's use as the decision-making body for the actions taken herein relative to possible funding of the Van Ness BRT Project by the Bonds, and incorporates the CEQA findings contained in SFMTA Board Resolution No. 13-214 and No. 15-108 (with respect to deletion of parking spaces) by this reference as though set forth in this Resolution; and be it

FURTHER RESOLVED, That the SFMTA Board further finds that since the Van Ness BRT FEIR was finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the Van Ness BRT FEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Van Ness BRT FEIR; and be it further

FURTHER RESOLVED, That the SFMTA Board has reviewed and considered the Golden State Warriors Final Supplemental Environmental Impact Report (GSW FSEIR) and record as a whole, finds that the GSW FSEIR is adequate for its use as the decision-making body for the actions taken herein relative to the possible funding of the Mission Bay Component by the Bonds, and incorporates the CEQA findings contained in SFMTA Board

Resolution No. 15-154 by this reference as though set forth in this Resolution; and be it

FURTHER RESOLVED, That the SFMTA Board further finds that since the GSW FSEIR was certified, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the GSW FSEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the GSW FSEIR; and be it

FURTHER RESOLVED, That except as to the specific projects mentioned above, the issuance of the Bonds by the SFMTA is not subject to CEQA because the establishment of a government financing mechanism that does not identify individual specific projects to be constructed with the funds is not a project as defined by CEQA and the CEQA Guidelines; the SFMTA shall consult with the City Attorney as to necessary CEQA findings and determinations with respect to any project prior to the expenditure of Bond proceeds; and be it

FURTHER RESOLVED, As to other projects that may be funded with Bond funds, the SFMTA will not proceed with any project until it is fully compliant with the California Environmental Quality Act (CEQA); if any of the projects are found to cause significant adverse impacts, the SFMTA retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts, (2) select feasible alternatives which avoid significant adverse impacts of the project, (3) require the implementation of specific measures to mitigate the significant adverse environmental impacts of the project, as identified upon environmental evaluation in compliance with CEQA and the Chapter 31, (4) reject the project as proposed if the economic and social benefits of the project do not outweigh otherwise unavoidable significant adverse impacts of the project, or (5) approve the project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors approves the issuance in one or more series of San Francisco Municipal Transportation Agency Revenue Bonds in an amount not to exceed $207,000,000, which includes up to $45,000,000 for the Mission Bay Component, and up to $162,000,000 for other projects, such as the light rail vehicle procurement, the Van Ness Transit Improvement Project and for various financing costs, which shall be issued and delivered in accordance with the Indenture (defined below) and the form of Fourth Supplement (defined below), as the same is finally executed and delivered. The proceeds of the Bonds shall be used to (i) fund the Project; (ii) fund a reserve fund, if any; (iii) fund capitalized interest, if any; and (iv) pay costs of issuance of the Bonds. The Bonds may be issued in one or more series on one or more dates. The Trustee (defined below) is authorized to cause the registration and authentication of the Bonds in accordance with the Indenture. The Bonds shall be subject to prepayment as set forth in the Indenture and the Fourth Supplement. The Director of Transportation of the SFMTA is authorized and directed to determine the aggregate principal amount of Bonds to be issued from time to time (subject to the maximum amount and further limitations and conditions set forth herein) and to determine the various titles and series designations of the Bonds. The Bonds shall bear interest rates not to exceed 12 percent per annum, and shall mature no later than 30 years from their date of issuance. The form of the Bonds, in substantially the form set forth in the Fourth Supplement presented to this meeting, is approved. The Director of Transportation is authorized and directed to approve and to execute the Bonds, by manual or facsimile signature, and the Secretary of the Board of Directors is authorized and directed to attest, by manual or facsimile signature, with such changes, additions, amendments or modifications thereto which they may approve, with the advice of the City Attorney, such approval to be conclusively evidenced by the issuance of the Bonds; and be it

FURTHER RESOLVED, That the form of a fourth supplement to indenture of trust (Fourth Supplement), supplementing that certain Indenture of Trust dated July 1, 2012 (the Indenture), by and between the SFMTA and U.S. Bank National Association, as successor trustee (Trustee), or such other trustee selected by the Director of Transportation, by and between the SFMTA and the Trustee, as presented to the Board of Directors, is approved. Subject to Board of Supervisors concurrence, the Director of Transportation shall return to this Board with final versions of the Fourth Supplement showing such final changes, additions and modifications as the Director of Transportation may make or approve in accordance with this Resolution prior to the sale of the Bonds; and be it

FURTHER RESOLVED, That, subject to the execution of a memorandum of understanding between the SFMTA and the City Controller (MOU) to ensure that the SFMTA receives timely and adequate payments from the City to cover debt service payments and any other financing-related expenditures for the Mission Bay Component, the Director of Transportation is authorized and directed to cause a sale of the bonds by means of a negotiated sale with an underwriter selected in accordance with City contracting procedures. The form of a bond purchase contract, as presented to the Board of Directors, a copy of which is on file with the Secretary of the Board of Directors, is approved. The Director of Transportation is authorized to make such changes, additions and modifications to the Purchase Contract as the Director of Transportation may make or approve in accordance with this Resolution; provided, however, that the Underwriters' discount under the Purchase Contract shall not exceed 0.50% of the principal amount of the Bonds and the Director of Transportation presents such Purchase Contract to this Board for approval showing final changes, additions or modifications prior to the sale of the Bonds; and be it

FURTHER RESOLVED, That as an alternative to conducting a negotiated sale, and subject to execution of the MOU referenced above, the Director of Transportation is authorized and directed to cause a sale of the bonds by means of a competitive sale, if the Director of Transportation deems a competitive sale to be necessary or advisable. The forms of an official notice of sale and a notice of intention to sell, each as presented to the Board of Directors, copies of which are each on file with the Secretary of the Board of Directors, are approved. The Director of Transportation is authorized to issue the official notice of sale and notice of intention to sell, with such changes, additions, and modifications as the Director of Transportation may make or approve in accordance with this Resolution, and the Director of Transportation is authorized to cause there to be published once in *The Bond Buyer* or another financial publication generally circulated throughout the State of California the notice of intention to sell; and be it

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

FURTHER RESOLVED, That the Board of Directors authorizes the expenditure of a portion of the proceeds of the Bonds for the payment of Mission Bay Component and related financing costs incurred in connection with the issuance of the Bonds; and be it

FURTHER RESOLVED, That the form of an official statement relating to the Bonds (Official Statement), as presented to the Board of Directors, a preliminary copy of which is on file with the Secretary of the Board of Directors, is approved. The Director of Transportation is authorized to make changes, additions, modifications, or deletions to the Preliminary Official Statement as the Director of Transportation may approve upon consultation with the City Attorney, such approval to be conclusively evidenced by final approval of the Preliminary Official Statement by this Board prior to its distribution to potential purchasers of the Bonds; and be it

FURTHER RESOLVED, That the Controller of the City, the Treasurer of the City, the Director of Transportation, the City Attorney, and all other appropriate officers, employees, representatives, and agents of the City are authorized and directed to do everything necessary or desirable to provide for the issuance of the Bonds, including, but not limited to, executing and delivering such certificates and other documents as they may deem necessary or advisable, including, without limitation, any custody agreements required by the Trustee; provided, however, the Director of Transportation shall return to this Board for final approval of the Financing Documents (as defined below) prior to the issuance of the Bonds; and be it

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

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

FURTHER RESOLVED, That the Board of Directors adopts this Resolution for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This Resolution does not bind the SFMTA to make any expenditure, incur any indebtedness, or proceed with the Project; and be it

FURTHER RESOLVED, That the SFMTA declares its official intent, pursuant to Section 1.150-2 of the Treasury Regulations, to use proceeds of the Bonds to reimburse the Expenditures incurred in connection with the Project; and be it

FURTHER RESOLVED, That the SFMTA reasonably expects that the maximum principal amount of the Bonds expected to be issued for the Project is $207,000,000; and be it

FURTHER RESOLVED, That this Resolution is being adopted no later than 60 days after the date SFMTA will expend moneys for the construction of a portion of the Project costs expected to be reimbursed with Bond proceeds. Each Expenditure will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the SFMTA so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the SFMTA; and be it

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

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

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

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of April 5, 2016.

R. Boomer

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

PRELIMINARY OFFICIAL STATEMENT DATED __________, 2016

New Issue – Book Entry Only

Ratings: Moody's: "___"
S&P: "___"
(See "RATINGS" herein)

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in "TAX MATTERS" herein, interest on the Series 2016 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes and is not included in the federal alternative minimum tax for individuals or, except as described herein, corporations. It is also the opinion of Co-Bond Counsel that under existing law interest on the Series 2016 Bonds is exempt from personal income taxes of the State of California. See "TAX MATTERS" herein, including a discussion of the federal alternative minimum tax consequences for corporations.

$[Par Amount]*
SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
REVENUE BONDS, SERIES 2016

Dated: Date of Delivery **Due: March 1, as shown on the inside cover**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 (the "Series 2016 Bonds") are being issued by the San Francisco Municipal Transportation Agency (the "SFMTA") pursuant to the Charter of the City and County of San Francisco (the "Charter"), the Indenture of Trust dated as of July 1, 2012 between the SFMTA and U.S. Bank National Association, as successor trustee (the "Trustee"), as supplemented by the Fourth Supplement to Indenture of Trust dated as of [Month] 1, 2016 (collectively, the "Indenture") between the SFMTA and the Trustee. The Series 2016 Bonds are being issued to (i) finance a portion of the costs of various capital projects for the SFMTA as described herein; (ii) [make a deposit to the Series 2016 Reserve Account of the Reserve Fund established under the Indenture for the Series 2016 Bonds;] and (iii) pay a portion of the costs of issuance of the Series 2016 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Interest on the Series 2016 Bonds will be payable on [September 1, 2016] and on each September 1 and March 1 thereafter until their respective stated maturity dates. The Series 2016 Bonds will be issued only as fully registered bonds without coupons and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to which payments of principal of and interest on the Series 2016 Bonds will be made. Individual purchases of the Series 2016 Bonds will be made in book entry form only, in denominations of $5,000 or any integral multiple thereof. Beneficial Owners of the Series 2016 Bonds will not receive physical delivery of bond certificates. Payment of principal of the Series 2016 Bonds at maturity, as shown in the Maturity Schedule set forth on the inside cover, and interest when due will be payable by the Trustee, as paying agent, to DTC. DTC will remit such principal and interest payments to its participants, which will be responsible for remittance to the Beneficial Owners of the Series 2016 Bonds. See Appendix F – "DTC AND THE BOOK ENTRY ONLY SYSTEM" herein.

The Series 2016 Bonds are subject to redemption prior to maturity as described herein.

The SFMTA is an enterprise department of the City and County of San Francisco (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 within the City. Under the Indenture, the SFMTA has irrevocably pledged the Pledged Revenues to the punctual payment of principal of, premium, if any, and interest on the Bonds, which consist of all outstanding parity revenue bonds issued under the Indenture, including the Series 2016 Bonds, subject to the flow of funds contained in the Indenture.

THE SERIES 2016 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE SFMTA SECURED BY AND PAYABLE SOLELY FROM PLEDGED REVENUES (AS DEFINED HEREIN) OF THE SFMTA AND FROM MONEYS HELD IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED PURSUANT TO THE INDENTURE. THE SFMTA IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS FROM ANY SOURCE OF FUNDS OTHER THAN PLEDGED REVENUES AND AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE AND SUBJECT TO THE TERMS THEREOF. THE SFMTA HAS NO TAXING POWER. THE GENERAL FUND OF THE CITY IS NOT LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS. THE SERIES 2016 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE CITY OR OF THE SFMTA OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT PLEDGED REVENUES AND AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE AND SUBJECT TO THE TERMS THEREOF. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" HEREIN.

MATURITY SCHEDULE

(See inside cover)

The Series 2016 Bonds are offered when, as, and if issued by the SFMTA and accepted by the purchasers, subject to approval of legality by Norton Rose Fulbright US LLP, Los Angeles, California, and Amira Jackmon, Attorney at Law, Berkeley, California, Co Bond Counsel. Certain legal matters will be passed upon for the SFMTA by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel to the SFMTA, and the City Attorney of the City and County of San Francisco, and for

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* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED _________, 2016

the Underwriters by their counsel, [Underwriter's Counsel]. It is expected that the Series 2016 Bonds will be available for delivery in book entry form through the facilities of DTC on or about ________, 2016.

[Underwriters]

Date: ________, 2016

MATURITY SCHEDULE

Series 2016 Bonds
(Base CUSIP† Number: 797686)

$________ Serial Bonds

Maturity (March 1)	Principal Amount	Interest Rate	Price/Yield**	CUSIP† Suffix

$________ ___% Term Bonds Due March 1, 20__ Price/Yield** – ____% CUSIP† 797686 ___
$________ ___% Term Bonds Due March 1, 20__ Price/Yield** – ____% CUSIP† 797686 ___

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† Copyright 2016, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Global Services, managed for the American Bankers Association by Standard & Poor's Financial Services LLC. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the SFMTA nor the Underwriters take any responsibility for the accuracy of such CUSIP numbers.

** Reoffering yields have been provided by the Underwriters. See "UNDERWRITING" herein.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2016 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information set forth herein has been obtained from the SFMTA, the City and other sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the SFMTA or the City since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information provided herein since the date hereof.

The City maintains a website at http://www.sfgov.org and the SFMTA maintains a website at http://www.sfmta.com. The information contained in such websites is not incorporated by reference herein and should not be relied upon in making an investment in the Series 2016 Bonds.

The issuance and sale of the Series 2016 Bonds have not been registered under the Securities Act of 1933 in reliance upon the exemption provided thereunder by Section 3(a)(2) for the issuance and sale of municipal securities.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2016 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2016 BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE FRONT COVER HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

This Official Statement is not to be construed as a contract with the purchaser or purchasers of the Series 2016 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." ALL FORWARD-LOOKING STATEMENTS ARE PREDICTIONS AND ARE SUBJECT TO KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES. NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS "ESTIMATE", "PROJECT", "ANTICIPATE", "EXPECT", "INTEND", "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. GIVEN THEIR UNCERTAINTY, INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH STATEMENTS.

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

BOARD OF DIRECTORS

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Cheryl Brinkman, *Vice-Chairman*
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Joél Ramos, *Director*
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CITY AND COUNTY OF SAN FRANCISCO

MAYOR

Edwin M. Lee

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CITY ATTORNEY

Dennis J. Herrera

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Naomi M. Kelly, *City Administrator*
Benjamin Rosenfield, *Controller*
Nadia Sesay, *Director of Public Finance*

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San Francisco, California

Trustee
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INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the offering by the San Francisco Municipal Transportation Agency (the "SFMTA") of $[Par Amount]* aggregate principal amount of its San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 (the "Series 2016 Bonds").

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, including the Appendices attached hereto. Unless otherwise defined below, all capitalized terms used in this Official Statement shall have the meanings ascribed thereto in the Indenture (as defined below) as summarized in Appendix D – "SUMMARY OF THE LEGAL DOCUMENTS – DEFINITIONS."

The San Francisco Municipal Transportation Agency

The SFMTA is an enterprise department of the City and County of San Francisco (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 within the City (collectively, and as further defined in this Official Statement, the "Transportation System"). The SFMTA was established by voter approval of the addition of Article VIIIA to the Charter of the City (the "Charter") in 1999 (Proposition E). The purpose of the Charter amendment was to consolidate all transportation functions within a single City department, and to provide the Transportation System with the resources, independence and focus necessary to improve transit service and the City's transportation system. Pursuant to the Charter, the SFMTA has been provided with authority to control its operations, purchasing, contracting, and labor relations, as well as a guaranteed share of City General Fund resources. The voters approved an additional Charter amendment in 2007 (Proposition A), which increased the autonomy of and revenues to the SFMTA, and another Charter amendment in 2010 (Proposition G), which increased management flexibility. On November 4, 2014, voters in the City approved Proposition A and Proposition B. Proposition A authorizes the City to issue up to $500 million in general obligation bonds the proceeds of which may be applied to finance transportation-related projects. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY – City General Obligation Bonds." Proposition B amends the Charter to provide for annual increases in certain amounts transferred to the SFMTA by the City from its General Fund. Such increases will be proportional to increases in the population of the City, provided that in years in which population has not increased, no

* Preliminary, subject to change.

adjustments shall be made. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY – City General Fund Transfers – Annual General Fund Transfer No. 1."

The SFMTA promotes the safe and efficient movement of people and goods throughout the City through many programs. It manages the City's public transportation system ("Muni"), including its motor buses, trolley buses, light rail vehicles, historic streetcars, and cable cars. The SFMTA also oversees the management and operation of 38 public off-street parking facilities owned by the SFMTA, the San Francisco Department of Recreation and Park ("Recreation and Park") and the Parking Authority of the City and County of San Francisco (the "Parking Authority"), a separate legal entity created under the laws of the State of California (the "State"). The SFMTA also manages traffic engineering functions within San Francisco, including the placement of signs, signals, traffic striping, curb markings, and parking meters. Finally, the SFMTA regulates the taxi industry within the City. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY – Organization and Purpose."

Authority for Issuance

The Series 2016 Bonds are being issued pursuant to Section 8A.102(b)(13) of the Charter, an Indenture of Trust, dated as of July 1, 2012 (as amended and supplemented, the "Master Indenture"), between the SFMTA and U.S. Bank National Association (the "Trustee"), as successor in interest to The Bank of New York Mellon Trust Company, N.A., as trustee, a Fourth Supplement to Indenture of Trust dated as of [Month] 1, 2016 between the SFMTA and the Trustee (the "Fourth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), Ordinance No. 57-12 of the Board of Supervisors adopted on April 19, 2012, Resolution No. _____ of the Board of Supervisors adopted on ________, 2016 and Resolution No. _____ of the Board of Directors of the SFMTA (the "Board") adopted on ________, 2016. The Series 2016 Bonds together with the SFMTA's Revenue Bonds, Series 2012A and Series 2012B (the "Series 2012 Bonds"), the SFMTA's Revenue Bonds Series 2013 (the "Series 2013 Bonds"), the SFMTA's Revenue Bonds Series 2014 (the "Series 2014 Bonds") and any other bonds issued in the future pursuant to the Indenture are referred to collectively in this Official Statement as the "Bonds."

Purpose

The Series 2016 Bonds are being issued (i) to finance a portion of the costs of various capital projects for the SFMTA, such as the projects described herein; [(ii) to make a deposit to the Series 2016 Reserve Account of the Reserve Fund established under the Indenture for the Series 2016 Bonds;] and (iii) to pay a portion of the costs of issuance of the Series 2016 Bonds. See "SERIES 2016 PROJECTS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein for a further description of the expected application of proceeds of the Series 2016 Bonds.

Security and Sources of Payment for the Bonds

The Series 2016 Bonds are issued and secured pursuant to the terms of the Indenture. Under the Indenture, the SFMTA has irrevocably pledged the Pledged Revenues (as defined herein) to the punctual payment of principal of and interest on the Bonds, which consist of all outstanding parity revenue bonds issued under the Indenture, including the Series 2016 Bonds, subject to the flow of funds contained in the Indenture. See "– Other Obligations Secured by Pledged Revenues." The Series 2016 Bonds are special, limited obligations of the SFMTA payable solely from Pledged Revenues and from amounts on deposit in certain funds and accounts held under the Indenture and subject to the terms thereof. No funds of the SFMTA other than the Pledged Revenues and such amounts held under the Indenture are pledged to or available for payment of the principal of or interest on the Series 2016 Bonds. 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 Pledged Revenues, and the principal of and interest on the Series 2016 Bonds is not payable from the proceeds of such transfers or from the City's General Fund. The SFMTA will not apply the proceeds of such transfers to the payment of debt service on the Series 2016 Bonds, 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 Series 2016 Bonds. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY – City General Fund Transfers."

The SFMTA is not obligated to pay the principal of or interest on the Series 2016 Bonds from any source of funds other than Pledged Revenues and from amounts on deposit in certain funds and accounts held under the Indenture and subject to the terms thereof. The SFMTA has no taxing power. The General Fund of the City is not liable for the payment of the principal of or interest on the Series 2016 Bonds, and neither the credit nor the taxing power of the City is pledged to the payment of the principal of or interest on the Series 2016 Bonds. The Series 2016 Bonds are not secured by a legal or equitable pledge of, or charge, lien, or encumbrance upon, any of the property of the City or of the SFMTA or any of its income or receipts, except Pledged Revenues and amounts on deposit in certain funds and accounts held under the Indenture and subject to the terms thereof.

Under the Indenture, the SFMTA covenants that it will adopt for each Fiscal Year or every two Fiscal Years a budget that is balanced in accordance with Section 8A.106 of the Charter and that provides for payment of Annual Debt Service in each Fiscal Year. The SFMTA has further covenanted to manage its operations and set charges (including but not limited to fares, rates and fees) for the Transportation System so that Pledged Revenues in each Fiscal Year, and available fund balances held by the SFMTA or the Trustee, will be at least equal to Annual Debt Service, payments due on Subordinate Bonds (as defined herein) and payment of all costs reasonably necessary to operate the Transportation System in such Fiscal Year (but not including costs that have been funded from other sources not constituting Pledged Revenues or that may reasonably be deferred). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge of Pledged Revenues Under the Indenture."

[Upon the issuance of the Series 2016 Bonds, the SFMTA will deposit into the Series 2016 Reserve Account securing the Series 2016 Bonds an amount equal to the Series 2016 Reserve Requirement (defined herein). Moneys on deposit in the Bond Reserve Fund will be used and withdrawn for the purpose of paying principal of and interest on the Series 2016 Bonds in the event Pledged Revenues deposited with the Trustee is insufficient therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Reserve Account."]

Pursuant to the Indenture, the SFMTA is permitted to issue additional Bonds and to enter into additional obligations secured by Pledged Revenues on a parity with the payment of principal of and interest on the Bonds, provided that certain conditions are satisfied as described herein. The Indenture also permits the SFMTA to incur subordinate obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds and Other Indebtedness" herein.

For more information regarding the security and sources of payment for the Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY" herein. Audited financial information concerning the SFMTA is set forth in Appendix A attached hereto. See "CERTAIN RISK FACTORS" for a discussion of certain risks related to an investment in the Series 2016 Bonds.

Other Obligations Secured by Pledged Revenues

The Series 2016 Bonds are payable from Pledged Revenues under the Indenture on a parity with the SFMTA's Revenue Bonds, Series 2012A, Series 2012B, Series 2013 and Series 2014, outstanding in the aggregate principal amounts of $[24,600,000], $[25,835,000], $[67,725,000] and $[67,675,000], respectively.

On September 10, 2013, the SFMTA obtained an irrevocable, direct pay letter of credit issued by State Street Bank and Trust Company ("State Street") that will support the SFMTA's issuance of up to $100 million of subordinate commercial paper notes (the "CP Notes"), the proceeds of which are expected to be used to pay for costs of projects pending the receipt of grant proceeds (see "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY – Capital Program – Current Projects – Central Subway Project) and/or to finance state of good repair projects. The CP Notes, and the SFMTA's obligation to reimburse State Street for draws under the letter of credit to pay the principal of and interest on the CP Notes, are secured by a pledge of Pledged Revenues that is junior and subordinate to the pledge securing the Bonds. As of March 1, 2016, [no / $_______ of] CP Notes were outstanding. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY – Commercial Paper Program."

Continuing Disclosure and Additional Information

The SFMTA will covenant in a Continuing Disclosure Certificate, to be executed and delivered by the SFMTA concurrently with the issuance of the Series 2016 Bonds, to provide certain financial information and operating data relating to the SFMTA and notices of certain enumerated events, and in certain cases only if material. Such information and notices will be filed by the SFMTA with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA"). For more information concerning the SFMTA's continuing disclosure commitment and the form of the Continuing Disclosure Certificate, see "CONTINUING DISCLOSURE" herein and Appendix E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate, the SFMTA has no obligation to update the information in this Official Statement. See "CONTINUING DISCLOSURE" herein.

Brief descriptions of the Series 2016 Bonds, the Indenture, the security and sources of payment for the Series 2016 Bonds, the Pledged Revenues, the SFMTA, certain provisions of the Charter and related matters are included in this Official Statement, together with summaries of certain provisions of the Series 2016 Bonds, the Indenture and certain other documents. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Series 2016 Bonds and other documents and instruments are qualified in their entirety by reference to such documents or instruments or the forms thereof, copies of which are available for inspection at the office of the SFMTA. The SFMTA regularly prepares a variety of reports, including audits, budgets and related documents, which may be obtained from the SFMTA. Additional information regarding such reports may be obtained from the SFMTA's website at www.sfmta.com. The information contained in such reports or on such website is not incorporated by reference herein. Copies of the Indenture are also available for inspection at the principal corporate trust office of the Trustee. Reference is made herein to various other documents, reports, websites, etc., which were either prepared by parties other than the SFMTA, or were not prepared, reviewed and approved by the SFMTA with a view towards making an offering of public securities, and such materials are therefore not incorporated herein by such references nor deemed a part of this Official Statement.

TERMS OF THE SERIES 2016 BONDS

General

The Series 2016 Bonds will be executed and delivered only as one fully-registered Series 2016 Bond for each maturity shown on the inside cover hereof. The Series 2016 Bonds will be delivered only in denominations of $5,000 or an integral multiple thereof and interest on the Series 2016 Bonds shall be payable on each March 1 and September 1, commencing [September 1, 2016], so long as any Series 2016 Bonds are outstanding (each an "Interest Payment Date"). Interest on the Series 2016 Bonds shall be computed on the basis of a 360 day year comprised of twelve 30 day months. Interest on the Series 2016 Bonds will accrue from the date of delivery thereof at the rates per annum set forth on the inside cover of this Official Statement. The principal of the Series 2016 Bonds will be payable, subject to redemption, as described below, on the dates and in the principal amounts set forth on the inside cover of this Official Statement.

Form and Registration

The Series 2016 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC," together with any successor securities depository, the "Securities Depository"). DTC will act as initial Securities Depository for the Series 2016 Bonds so purchased. Individual purchases will be made in book entry only form. Purchasers will not receive a certificate representing their beneficial ownership interest in the Series 2016 Bonds. So long as Cede & Co. is the registered owner of the Series 2016 Bonds, as nominee of DTC, references herein to the Bondholders, holders or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the "Beneficial Owners" of the Series 2016 Bonds. In this Official Statement, the term "Beneficial Owner" shall mean the person for whom a Participant (as defined herein) acquires an interest in the Series 2016 Bonds.

So long as Cede & Co. is the registered owner of the Series 2016 Bonds, all payments of principal and interest on the Series 2016 Bonds will be payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee of DTC as the sole registered owner of the Series 2016 Bonds. DTC and its Participants are solely responsible for payments to the Beneficial Owners.

In the event the use of the book entry only system is discontinued, principal of the Series 2016 Bonds will be payable upon surrender thereof at the principal corporate trust office of the Trustee in San Francisco, California. Interest payable on the Series 2016 Bonds will be paid by check mailed on the Interest Payment Date to the person in whose name each Series 2016 Bond is registered in the registration books maintained by the Trustee as of the applicable Record Date for such Interest Payment Date, in accordance with the provisions set forth in the Indenture.

A more detailed description of the Book Entry Only System is contained in Appendix F – "DTC AND THE BOOK ENTRY ONLY SYSTEM" attached hereto.

Redemption Provisions

Optional Redemption. The Series 2016 Bonds maturing on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Series 2016 Bonds maturing on or after March 1, 20__ are subject to optional redemption prior to maturity on or after March 1, 20__ at the sole option of the SFMTA, as a whole or in part, on any date (from such maturities as are selected by the SFMTA and by lot within a maturity if less than all of the Series 2016 Bonds of such maturity are selected for redemption), from any source of available funds, at redemption prices equal to the principal amount thereof plus accrued but unpaid interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption of Series 2016 Bonds. The Series 2016 Bonds maturing on March 1, 20__ are subject to redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereof, on March 1 in each of the years in the following amounts:

Mandatory Sinking Fund Payment Date (March 1)	**Sinking Fund Payment**
†	

† Maturity

The Series 2016 Bonds maturing on March 1, 20__ are subject to redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereof, on March 1 in each of the years in the following amounts:

Mandatory Sinking Fund Payment Date (March 1)	**Sinking Fund Payment**
†	

† Maturity

Notice of Redemption. The Trustee is required to send a Notice of redemption to the Owners of any Series 2016 Bonds selected for redemption not less than 20 days prior to the date set for redemption by first class mail or electronic mail, as appropriate (i) with respect to each Series 2016 Bond to be redeemed, to the Holder of such Series 2016 Bond at his or her address as it appears on the records maintained by the Registrar, and (ii) to any information services of national recognition which disseminate redemption information with respect to municipal securities, as directed by the SFMTA. However, so long as any Series 2016 Bonds of such Series are in book entry form through the facilities of DTC, notice of redemption will be provided to Cede & Co., as the registered owner of the Series 2016 Bonds, and not directly to the Owners.

Each notice of redemption will specify: (i) the date of such notice and the date fixed for redemption, (ii) the Principal Amount of Series 2016 Bonds or portions thereof to be redeemed; (iii) the place or places where the redemption will be made, including the name and address of the Trustee; (iv) the redemption price; (v) the CUSIP numbers, if any, assigned to the Series 2016 Bonds to be redeemed; (vi) that payment of the principal amount and premium, if any, shall be made upon presentation and surrender to the Trustee or paying agent, as applicable, of the Series 2016 Bonds to be redeemed; (vii) that interest accrued to the date fixed for redemption shall be paid as specified in such notice; and (viii) that on and after said date interest on the Series 2016 Bonds called for redemption shall cease to accrue.

Neither the failure to receive any redemption notice nor any defect in such redemption notice so given shall affect the sufficiency of the proceedings for such redemption of the Series 2016 Bonds.

Conditional Notice: Cancellation of Optional Redemption. Any notice of optional redemption may be conditional and may be modified or cancelled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Series 2016 Bonds then called for redemption or any other condition to the redemption has not been satisfied, and such modification or cancellation shall not constitute an Event of Default under the Indenture. The notice of redemption shall indicate whether it is conditional and a conditional redemption date may be extended with three (3) business days' notice.

Partial Redemption of Series 2016 Bonds. Whenever provision is made in the Indenture for the redemption of the Series 2016 Bonds (other than from the Sinking Fund Installments) and less than all of the Outstanding Series 2016 Bonds of a Series are to be redeemed, the SFMTA will designate the maturity or maturities to be redeemed and specify to the Trustee the principal amount in each maturity to be redeemed. Whenever less than all of the Outstanding Series 2016 Bonds of a Series maturing on any one date are called for redemption, the Trustee will select the portions to be redeemed by lot in a manner the Trustee deems fair and appropriate.

Effect of Notice of Redemption. When a notice of redemption has been duly given as provided in the Indenture and sufficient moneys for the redemption of the Series 2016 Bonds selected for redemption, together with accrued interest to such redemption date are held by the Trustee; then, from and after such redemption date, interest on the Series 2016 Bonds selected for redemption will cease to accrue, and all such Series 2016 Bonds will cease to be entitled to any benefit or security under the Indenture, except for the right of the Owners to receive payment of the redemption price thereof.

Purchase of Series 2016 Bonds. The SFMTA may at any time purchase Series 2016 Bonds and such Series 2016 Bonds shall be deemed cancelled or Outstanding as determined by the SFMTA in a writing of an Authorized SFMTA Representative delivered to the Trustee. Further, the SFMTA may purchase Series 2016 Bonds in lieu of redemption, including sinking fund redemption, and such purchase shall be a credit to any obligation to redeem such Series 2016 Bonds and in the case of Series 2016 Bonds subject to sinking fund installment redemption, the SFMTA may indicate in writing to the Trustee which sinking fund installments are to be credited. The remarketing or resale of any Series 2016 Bonds purchased by or on behalf of the SFMTA shall be conditioned upon delivery of an Opinion of Bond Counsel.

ESTIMATED SOURCES AND USES OF FUNDS

Proceeds of the Bonds, and other available amounts, are expected to be applied approximately as set forth below:

Sources	
Bond Principal	
Net Original Issue Premium	
Total Sources of Funds	
Uses	
Deposit to Series 2016 Project Costs Account	
[Deposit to Series 2016 Reserve Account]	
Costs of Issuance[(1)]	
Underwriter's Discount	
Total Uses of Funds	

(1) Including amounts for rating agency fees, fees for legal services, fees for financial advisors, Trustee's fees and expenses, printing costs, and other costs relating to the issuance of the Series 2016 Bonds.

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DEBT SERVICE SCHEDULE

Set forth below are the annual principal, interest and total debt service requirements for the Series 2012 Bonds, the Series 2013 Bonds, the Series 2014 Bonds and the Series 2016 Bonds:

Fiscal Year Ending June 30	Series 2012 Bonds, 2013 Bonds and 2014 Bonds[1]	Series 2016 Bonds Interest	Series 2016 Bonds Interest	Total Debt Service[1]
TOTAL(1)				

[1] Totals may not add due to rounding.

SERIES 2016 PROJECTS

The SFMTA expects to apply a portion of the proceeds of the Series 2016 Bonds to finance the planning, design, acquisition, construction, reconstruction, rehabilitation or improvement of certain projects briefly described below (the "Series 2016 Projects"). These descriptions are not intended to and do not constitute a commitment by the SFMTA to finance or complete any particular project. The SFMTA is permitted to substitute other projects, including other projects in its 5-year Capital Improvement Plan, for some or all of the Series 2016 Projects. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY – Capital Program." ***[To be reviewed and updated.]***

Pedestrian Safety and Traffic Signal Improvements. The Pedestrian Safety/Transit Improvement program is meant to improve the safety and usability of City streets for pedestrians and includes project development and capital costs for: the installation of red light photo enforcement equipment; pedestrian islands in the medians of major thoroughfares, sidewalk bulb-outs and sidewalk widening; installation of traffic and pedestrian signals which include countdown and accessible pedestrian signal equipment; and targeted traffic calming projects, such as traffic humps and traffic circles.

Transit System Safety and Spot Improvements. The Transit System Safety and Spot Improvements program is designed to improve the safety of the transit system. It includes project development and capital costs for: (i) the replacement of the communication and dispatching system in order to provide interoperable digital voice communications for SFMTA staff and the Public Works Emergency Radio System; (ii) new vehicle on-board and fixed route components which will provide information for core operational capabilities including Computer Aided Dispatch and Automatic Vehicle Location, vehicle health monitoring, on-board ADA-compliant traveler information, transit signal priority, and automated fare collection; (iii) training equipment and simulators for Muni Operators; (iv) replacement of the fire-safety mandated emergency telephones including phone switches, phone stations, blue-light units, raceways, communication cables, uninterrupted power supply units, networking system, operator consoles, and management servers; and (v) transit improvements including signal changes, bus bulbs, striping changes and other localized uses.

Complete Street Capital Improvements. The Complete Street Capital Improvements program focuses on the development of safe and complete streets through integrated major corridor capital projects. It includes project development and capital costs for: the construction of bicycle facilities and improvements to the existing bicycle network; bicycle sharing; new bike lanes and paths; bicycle parking facilities; bicycle boxes, bicycle boulevards, buffered bicycle lanes, cycle tracks, bicycle signals, and "green wave" traffic signal coordination; curb extensions, storm water management features, traffic signal timing changes, signs, installation of pedestrian signals, including countdown and accessible pedestrian signal equipment, sidewalk extensions, medians, refuge islands, and bulb-outs.

Facility Improvements. SFMTA's Facility Improvements program includes safety and seismic upgrades to SFMTA parking garages and expansion of Muni operations and maintenance facilities, including projects intended to maintain the state of good repair of certain existing garages and SFMTA operations facilities, to improve working conditions for staff and to otherwise expand existing facilities.

The SFMTA currently anticipates that it will fund light rail vehicle (LRV) procurement, the Van Ness Bus Rapid Transit Project (VNBRT) and Mission Bay transportation capital improvements with all or part of the proceeds of the Bonds. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY – Capital Program" for a more detailed description of these projects. It is possible, however, that the SFMTA will decide in the future to use some portion of the Bond proceeds to fund other projects in the four categories described above.

Bond Oversight Committee

The Board has established the SFMTA Bond Oversight Committee to oversee the expenditure of bond proceeds funded by SFMTA revenue bonds and other forms of indebtedness to ensure that bond proceeds are spent on permitted purposes and that prudent internal controls are established. The Bond Oversight Committee consists of seven members: three members recommended by the Chairman of the Board and approved by the Board, two members of the SFMTA's Citizens' Advisory Council, one member appointed by the SFMTA's Director of Transportation and one member appointed by the City Controller (the "Controller").

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special, Limited Obligations

THE SERIES 2016 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE SFMTA SECURED BY AND PAYABLE SOLELY FROM PLEDGED REVENUES OF THE SFMTA AND FROM MONEYS HELD IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED PURSUANT TO THE INDENTURE. THE SFMTA IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS FROM ANY SOURCE OF FUNDS OTHER THAN PLEDGED REVENUES AND AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE AND SUBJECT TO THE TERMS THEREOF. THE SFMTA HAS NO TAXING POWER. THE GENERAL FUND OF THE CITY IS NOT LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS. THE SERIES 2016 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE CITY OR OF THE SFMTA OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT PLEDGED REVENUES AND AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE AND SUBJECT TO THE TERMS THEREOF.

Pledge of Pledged Revenues Under the Indenture

The Indenture provides the Bonds shall be payable as to principal, premium, if any, and interest exclusively from, and shall be secured by a pledge of, first lien on and security interest in Pledged Revenues. Under the Indenture, for the benefit of the Bondholders and the holders of any other Parity Obligations, the SFMTA also grants a first lien on and security interest in, amounts on deposit from time to time in the Funds and Accounts created pursuant to the Indenture, subject to the provisions of the Indenture and any Supplemental Indenture permitting the application of such amounts for the purposes and on the terms and conditions set forth in the Indenture.

The term "Pledged Revenues" is defined under the Indenture to 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 include but are not limited to: (a) grants or transfers funded pursuant to the Transportation Development Act (codified at Sections 99200 et seq. of the California Public Utilities Code) (the "TDA") and AB 1107 (codified at Sections 29140 et seq. of the Public Utilities Code) ("AB 1107"), and (b) SFMTA parking meter revenues (but only to the extent Bonds or other Parity Obligations have financed traffic regulation and control functions); and do 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 TDA 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) the 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. See Table 7 in "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Pledged Revenues" for a description of historical receipts which would have constituted Pledged Revenues under the Indenture definition.

Although the Charter requires the City to make significant fund transfers from the City's General Fund to the SFMTA to support the SFMTA's activities, the Indenture provides that such funds will be expended on operation and maintenance expenses and other SFMTA purposes, but are not to be used to pay debt service on the Series 2016 Bonds. The City has no obligation to transfer any amounts from the City's General Fund to the SFMTA for the purpose of repaying the principal of and interest on the Series 2016 Bonds or, except with respect to transfers required by the Charter, for the purpose of paying any additional expenses, including operation and maintenance expenses, of the SFMTA. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—City General Fund Transfers" herein. The SFMTA currently does not derive revenue from any facility classifiable as "Special Facility Revenue" under the Indenture and does not have any "Special Facility Bonds" outstanding. See "—Additional Bonds and Other Indebtedness—Special Facilities and Special Facility Bonds."

"Transportation System" is defined to mean the transportation system of the City over which the SFMTA has jurisdiction pursuant to the Charter and includes the City's public transit, paratransit, street and traffic management and improvements, including parking meters and fines, bicycle and pedestrian safety and enhancement programs, on and off-street parking improvements and programs, including the parking garages owned or overseen by the SFMTA, the regulation of taxis and commercial vehicles within the City and any other revenue producing activities of the SFMTA.

The Series 2016 Bonds will not be secured by either the revenues of, or any moneys held in funds and accounts by, Recreation and Park or the Parking Corporations. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Parking and Traffic Functions—Parking Garages."

Application of Pledged Revenues and Enterprise Account

Section 8A.105 of the Charter establishes the "Municipal Transportation Fund." The Municipal Transportation Fund receives moneys from: a) the City's General Fund (pursuant to a formula described under the heading "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—City General Fund Transfers"); b) the revenues generated by Muni, the operations of the Sustainable Streets Division and the Parking Authority; and c) all other funds received by the City from any source, including State and federal sources, for the support of the SFMTA. The Municipal Transportation Fund is maintained separate and apart from all other City funds. Moneys therein are appropriated, expended, or used by the SFMTA solely and exclusively for the operation including, without limitation, capital improvements, management, supervision, maintenance, extension and day-to-day operation of the SFMTA, including any division subsequently created or incorporated into the SFMTA and performing transportation-related functions.

Enterprise Account. All Pledged Revenues as received shall be set aside and deposited by the SFMTA in the Enterprise Account established, pursuant to the Indenture, within the Municipal Transportation Fund, and any successor to such account (the "Enterprise Account"). Moneys in the Enterprise Account shall be applied by the SFMTA for the following purposes in the following amounts and order of priority, each priority to be fully satisfied before the next priority:

(a) Moneys in the Enterprise Account shall be transferred to the Trustee for deposit in the Debt Service Fund in amounts sufficient to pay principal and purchase price of and interest and redemption premium on the Bonds. Moneys in the Enterprise Account or Debt Service Fund may also be applied to pay or reimburse a Credit Provider for Repayment Obligations or other Parity Obligations to the extent provided in the Indenture. If and to the extent provided for in any Supplemental Indenture authorizing the issuance of a Series of Bonds, Swap Payments may be paid directly out of moneys in the Enterprise

Account or Debt Service Fund. Moneys shall be transferred from the Enterprise Account to the Trustee for deposit in the Debt Service Fund at the following times and amounts:

(i) for any Bond payment that is due monthly or more frequently than a monthly basis, the amount due shall be transferred to the Trustee for deposit in the Debt Service Fund at least five Business Days prior to the Payment Date. Reasonable estimates may be made by the SFMTA in the case of Bonds with variable rates of interest and proceeds of refinancing obligations that are expected to refinance Amortized Bonds or other Bonds may be taken into account in lieu of transfers in advance from the Enterprise Account;

(ii) for any Bond payment that is due annually, semi-annually, quarterly or less frequently than a monthly basis, the amount due shall be transferred to the Trustee for deposit in the Debt Service Fund in approximately equal monthly installments prior to the Payment Date. The monthly installments for any such Payment Date shall begin the month after the prior related Payment Date and have the final installment at least five Business Days prior to such Payment Date. Reasonable estimates may be made by the SFMTA in the case of Bonds with variable rates of interest and proceeds of refinancing obligations that are expected to refinance Amortized Bonds or other Bonds may be taken into account in lieu of transfers in advance from the Enterprise Account. The SFMTA may choose to transfer the monthly amounts due for Bond payments in advance; and

(b) [On or before each Payment Date, moneys in the Enterprise Account shall be transferred to the Trustee for deposit in the appropriate account within the Reserve Fund in the amount that is needed to satisfy any deficiency in the funding of the Reserve Requirement for a Series of Bonds (provided that replenishment of the Reserve Fund (or any account therein) after any draw from the Reserve Fund to pay debt service on Bonds shall be funded in approximately equal monthly installments over eighteen (18) months).]

(c) Any amounts remaining after the applications pursuant to paragraph (a) or (b) above shall be used for any lawful purpose of the SFMTA and in accordance with all relevant provisions of the Charter, including but not limited to operation and maintenance expenses and payment of Subordinate Bonds.

Series 2016 Debt Service Account. Moneys held by the Trustee in the Debt Service Fund are to be transferred to the Series 2016 Debt Service Account established and maintained by the Trustee within the Debt Service Fund pursuant to the Indenture, as follows:

On or before the Business Day prior to each Series 2016 Payment Date, the Trustee is required to transfer from the Debt Service Fund to the Series 2016 Debt Service Account established and maintained by the Trustee within the Debt Service Fund pursuant to the Indenture, the interest and principal amount to become due on such Series 2016 Bonds on such Series 2016 Payment Date; provided that the SFMTA need not transfer any moneys at such time as the balance in the Series 2016 Debt Service Account is equal to the aggregate amount of interest and principal amount becoming due and payable on the then Outstanding Series 2016 Bonds on such Series 2016 Payment

Date. The obligation to make such transfers shall be on a parity with the obligation to fund any interest accounts created in the future under the Indenture with respect to any additional Series of Bonds issued pursuant to the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

General Fund Transfer Account. All proceeds of transfers from the City's General Fund as received shall be set aside and deposited by the SFMTA in the General Fund Transfer Account established by the Indenture within the Municipal Transportation Fund. Amounts in the General Fund Transfer Account may not be transferred to the Enterprise Account and are not pledged to the payment of principal of, premium, if any and interest on the Bonds. The SFMTA has covenanted in the Indenture to apply amounts on deposit in the General Fund Transfer Account solely to pay operation and maintenance expenses or other costs of the SFMTA. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge of Pledged Revenues Under the Indenture."

[Bond Reserve Account]

[The Indenture establishes a Series 2016 Reserve Account within the Reserve Fund for the Series 2016 Bonds.

Series 2016 Reserve Account. Upon delivery of the Series 2016 Bonds, the Series 2016 Reserve Account within the Reserve Fund will be funded in an amount equal to $_________, which is equal to the initial Series 2016 Reserve Requirement for the Series 2016 Bonds. Moneys in the Series 2016 Reserve Account will be held in trust for the benefit and security of the Holders of the Series 2016 Bonds. As provided in a Supplemental Indenture, the Series 2016 Reserve Account may secure additional Series of Bonds issued in the future to the extent provided in a Supplemental Indenture, and the definition of Series 2016 Reserve Requirement would generally be applicable to such Series of Bonds.

The Series 2016 Reserve Requirement is defined under the Indenture to mean, as of any date of calculation, the least of (i) an amount equal to the Maximum Annual Debt Service with respect to the Series 2016 Bonds, (ii) 125% of the average annual debt service on the Series 2016 Bonds, (iii) 10% of the Outstanding Principal Amount of Series 2016 Bonds, or (iv) 10% of the issue price of the Series 2016 Bonds (if the Series 2016 Bonds are issued with more than 2% original issue discount). A future Series of Bonds may be designated in a Supplemental Indenture to benefit from and participate in the Series 2016 Reserve Account. In such event, the foregoing definition shall be applicable to such Series of Bonds but shall be revised in such Supplemental Indenture to take into account such Series of Bonds and the requirements of the Code. See "SUMMARY OF THE LEGAL DOCUMENTS—DEFINITIONS", "SUMMARY OF THE LEGAL DOCUMENTS—THE MASTER INDENTURE—Funds—Reserve Fund" and "SUMMARY OF THE LEGAL DOCUMENTS—FOURTH SUPPLEMENT TO INDENTURE OF TRUST—Series 2016 Reserve Account" in Appendix D herein.

The Series 2016 Reserve Requirement (or any portion thereof) may be provided by one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank under the terms and conditions set forth in the Indenture. See Appendix D—"SUMMARY OF THE LEGAL DOCUMENTS—THE MASTER INDENTURE—Funds—Reserve Fund." Upon issuance, the Series 2016 Reserve Requirement will be fully funded with a portion of the proceeds of the Series 2016 Bonds. ***[Confirm.]***

Series 2012 Reserve Account. In connection with the issuance of the Series 2012 Bonds, the Series 2012 Reserve Account was established within the Reserve Fund and funded in an amount equal to $4,510,774.87, which was equal to the initial Series 2012 Reserve Requirement. Moneys on deposit in the Series 2012 Reserve Account are held in trust for the benefit and security of the Holders of the Series 2012 Bonds, provided that such Series 2012 Reserve Account may secure additional Series of Bonds in the future in accordance with the Indenture. Amounts in the Series 2012 Reserve Account do not secure and are not available to pay principal of or interest on the Series 2016 Bonds, and amounts in the Series 2016 Reserve Account do not secure nor are they available to pay principal of or interest on Series 2012 Bonds.

Series 2013 Reserve Account. In connection with the issuance of the Series 2013 Bonds, the Series 2013 Reserve Account was established within the Reserve Fund and funded in an amount equal to $5,980,000, which was equal to the initial Series 2013 Reserve Requirement. Moneys on deposit in the Series 2013 Reserve Account are held in trust for the benefit and security of the Holders of the Series 2013 Bonds, provided that such Series 2013 Reserve Account may secure additional Series of Bonds in the future in accordance with the Indenture. Amounts in the Series 2013 Reserve Account do not secure and are not available to pay principal of or interest on the Series 2016 Bonds, and amounts in the Series 2016 Reserve Account do not secure nor are they available to pay principal of or interest on Series 2013 Bonds.

Series 2014 Reserve Account. In connection with the issuance of the Series 2014 Bonds, the Series 2014 Reserve Account was established within the Reserve Fund and funded in an amount equal to $4,508,750, which was equal to the initial Series 2014 Reserve Requirement. Moneys on deposit in the Series 2014 Reserve Account are held in trust for the benefit and security of the Holders of the Series 2014 Bonds, provided that such Series 2014 Reserve Account may secure additional Series of Bonds in the future in accordance with the Indenture. Amounts in the Series 2014 Reserve Account do not secure and are not available to pay principal of or interest on the Series 2016 Bonds, and amounts in the Series 2016 Reserve Account do not secure nor are they available to pay principal of or interest on Series 2014 Bonds.

Permitted Investments

The Indenture provides that moneys in all funds and accounts held by the Trustee under the Indenture shall be invested upon receipt in Permitted Investments as directed by the SFMTA. For a summary of the definition of Permitted Investments and information regarding the investment of moneys held in the various funds and accounts relating to the

Bonds, see Appendix D—"SUMMARY OF THE LEGAL DOCUMENTS—THE MASTER INDENTURE—Funds—Investment of Moneys" attached hereto. For information regarding the investment of moneys held in the various funds and accounts of the SFMTA, see "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Investment of SFMTA Funds" herein.

Covenant to Adopt a Balanced Budget and Maintain Adequate Pledged Revenues

Under the Indenture, the SFMTA covenants that it will adopt for each Fiscal Year or every two Fiscal Years a budget that is balanced in accordance with Section 8A.106 of the Charter and that provides for payment of Annual Debt Service in such Fiscal Year(s). The SFMTA has further covenanted to manage its operations and set charges (including but not limited to fares, rates and fees) for the Transportation System so that Pledged Revenues in each Fiscal Year, and available fund balances held by the SFMTA or the Trustee, will be at least equal to Annual Debt Service, payments due on Subordinate Bonds (as defined below) and payment of all costs reasonably necessary to operate the Transportation System in such Fiscal Year (but not including costs that have been funded from other sources not constituting Pledged Revenues or that may be reasonably deferred).

The SFMTA further covenants in the Indenture that if it is unable to comply with the covenant described in the previous paragraph, the SFMTA will review its operations and its schedule of fares, rates, fees and charges and prepare a plan with reasonable measures to comply with such covenant. The SFMTA shall take such plan into account for future budgets and management.

See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Financial Operations—Budget Process" for more information about the SFMTA's budget procedures and see generally "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY" for further information about the SFMTA's revenues and expenditures. See also "CERTAIN RISK FACTORS" for a discussion of certain risk factors that could adversely affect the ability of the SFMTA to maintain Pledged Revenues as required by the Indenture.

Other Obligations Secured by Pledged Revenues

The Series 2016 Bonds are payable from Pledged Revenues under the Indenture on a parity with the SFMTA's Revenue Bonds, Series 2012A, Series 2012B, Series 2013 and Series 2014, outstanding in the aggregate principal amounts of $_______, $_______, $_______ and $_______, respectively. [The SFMTA expects to issue approximately $150 million of additional Bonds during Fiscal Year 2016-2017.] ***[To be updated for issuance.]*** On September 10, 2013, the SFMTA obtained an irrevocable, direct pay letter of credit issued by State Street that will support the SFMTA's issuance of up to $100 million of subordinate CP Notes. Such CP Notes, and the SFMTA's obligation to reimburse State Street for draws under the letter of credit to pay the principal of and interest on the CP Notes, will be secured by a pledge of Pledged Revenues that is junior and subordinate to the pledge securing the Bonds. As of _______, 2016, [no / $______

in] CP Notes were outstanding. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Outstanding Debt," "—Commercial Paper Program," and "—Future Debt Issuance."

Additional Bonds and Other Indebtedness

Pursuant to the Indenture, the SFMTA is permitted to issue additional Bonds pursuant to a Supplemental Indenture and to enter into additional obligations secured by Pledged Revenues on parity with the payment of principal of and interest on the Bonds, provided that the conditions described below are satisfied. In addition to the Bonds, the SFMTA anticipates incurring both future debt payable from Pledged Revenues on parity with the payment of principal of and interest on the Series 2016 Bonds and debt payable from Pledged Revenues on a basis subordinate to the payment of principal of and interest on the Bonds. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Future Debt Issuance."

Additional Bonds. The SFMTA may not issue any additional Series of Bonds or other Parity Obligations (other than refunding Bonds as described below) unless the Trustee has been provided with, among other things, a report of the SFMTA demonstrating that either:

(i) for the most recently ended Fiscal Year prior to the issuance of such additional Series of Bonds or other Parity Obligations, the SFMTA: (A) complied with the covenant described under the heading "Covenant to Adopt a Balanced Budget and Maintain Adequate Pledged Revenues," and (B) Pledged Revenues in such prior Fiscal Year were at least equal to 300% of Maximum Annual Debt Service, calculated assuming such additional Series of Bonds or other Parity Obligations were Outstanding during such prior Fiscal Year; or

(ii) based on projections for the period from and including the first full Fiscal Year following the issuance of such Bonds or other Parity Obligations through and including the later of (A) the fifth full Fiscal Year following the issuance of such Bonds or other Parity Obligations or (B) the third full Fiscal Year during which no interest on such Bonds or other Parity Obligations is expected to be paid from the proceeds thereof, projected Pledged Revenues in each such Fiscal Year will be at least equal to 300% of Maximum Annual Debt Service and be sufficient to allow the SFMTA to be able to comply with the covenant described under the heading "—Covenant to Adopt a Balanced Budget and Maintain Adequate Pledged Revenues."

In determining projected Pledged Revenues for purposes of the report of the SFMTA described in the paragraph above, the SFMTA may take into account any reasonably anticipated changes in Pledged Revenues over such period, which assumed changes and the basis therefor shall be described in the calculations provided by the SFMTA. In determining Annual Debt Service for such purposes, (i) Bonds that will be paid or discharged immediately after the issuance of the Series of Bonds proposed to be issued from the proceeds thereof or other moneys shall be disregarded, and (ii) Variable Rate Bonds and variable rate Interest Rate Swaps shall generally be deemed to bear interest during any period after the date of calculation at a fixed annual rate equal to the lower of one hundred twenty five percent of the average Index Rate (i.e., generally defined under the Indenture as the SIFMA Municipal Swap Index) during the twelve calendar months immediately preceding the date on which such calculation is made or the maximum rate of interest payable under such Variable Rate Bonds, Amortized Bonds or Interest Rate Swaps.

The SFMTA may also issue Bonds for the purpose of refunding any Bonds or other Parity Obligations on or prior to maturity.

Repayment Obligations as Bonds. If so provided in the applicable Supplemental Indenture and in the written agreement between the SFMTA and a Credit Provider, a Repayment Obligation [(other than a Repayment Obligation with respect to a Credit Facility credited to the Reserve Fund)] may be accorded the status of an obligation payable on a parity from Pledged Revenues with the Bonds for purposes of securing such Repayment Obligation under the Indenture. The foregoing rights of a Credit Provider are in addition to any rights of subrogation which the Credit Provider may otherwise have or be granted under law or pursuant to any Supplemental Indenture. Currently, there are no Repayment Obligations outstanding.

Interest Rate Swaps as Bonds. If so provided in the applicable Supplemental Indenture and in the written agreement establishing an Interest Rate Swap between the SFMTA and a Swap Counter Party, Swap Payments under an Interest Rate Swap (including a termination payment) may be accorded the status of an obligation payable on a parity from Pledged Revenues with the Bonds for purposes of securing such obligation to make Swap Payments under the Indenture. As of the date of this Official Statement, the SFMTA had not entered into any Interest Rate Swaps.

Special Facilities and Special Facility Bonds. The SFMTA from time to time, subject to the terms and conditions of the Indenture and all applicable laws, may (a) designate an existing or planned facility, structure, equipment or other property, real or personal, which is under its jurisdiction, as a "Special Facility," (b) provide that revenues earned by the SFMTA from or with respect to such Special Facility shall constitute "Special Facility Revenue" and shall not be included as Pledged Revenues, and (c) issue Special Facility Bonds primarily for the purpose of acquiring, constructing, renovating or improving, or providing financing to a third party to acquire, construct, renovate or improve, such Special Facility. The Special Facility Bonds shall be payable as to principal, purchase price, if any, redemption premium, if any, and interest from and secured by the Special Facility Revenue with respect thereto, and not from or by Pledged Revenues. The SFMTA from time to time may refinance any such Special Facility Bonds with other Special Facility Bonds.

No Special Facility Bonds may be issued by the SFMTA unless there shall have been filed with the Trustee (i) a certificate of the SFMTA to the effect that no Event of Default then exists under the Indenture, (ii) an opinion of Bond Counsel to the effect that such Special Facility Bonds may lawfully be issued in accordance with the Charter and all other applicable laws and (iii) a report of the SFMTA providing the following projections:

(a) the estimated Special Facility Revenue with respect to the proposed Special Facility are at least sufficient to pay the principal (either at maturity or by mandatory sinking fund redemptions) or purchase price of and interest on such Special Facility Bonds as and when the same shall become due, all costs of operating and maintaining such Special Facility to be paid by the SFMTA, and all sinking fund, reserve fund and other payments required with respect to such Special Facility Bonds as and when the same will become due; and,

(b) the estimated Pledged Revenues calculated without including the Special Facility Revenue and without including any operation and maintenance expenses of the Special Facility will be sufficient so that the SFMTA is able to be in compliance with its covenants under the Indenture (see "—Covenant to Adopt a Balanced Budget and Maintain Adequate Pledged Revenues" above) during each of the five full Fiscal Years immediately following the issuance of such Special Facility Bonds.

At such time as the Special Facility Bonds issued for a Special Facility, including Special Facility Bonds issued to refinance such Special Facility Bonds, are fully paid or otherwise discharged and no longer outstanding, the Special Facility Revenue with respect to such Special Facility shall be included as Pledged Revenues. As of the date of this Official Statement, the SFMTA has not designated any facility as a Special Facility, nor has it issued Special Facility Bonds.

Subordinate Bonds. Under the Indenture, the SFMTA may issue at any time Subordinate Bonds with a pledge of, lien on, and security interest in Pledged Revenues which are junior and subordinate to those of the Bonds and other Parity Obligations. The principal and purchase price of and interest, redemption premium and reserve requirements on such Subordinate Bonds are payable from time to time out of Pledged Revenues only if all amounts then required to have been paid or deposited under the Indenture from Pledged Revenues with respect to principal, purchase price, redemption premium, interest and reserve requirements on the Bonds then Outstanding shall have been paid or deposited as required in the Indenture. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Commercial Paper Program."

Charter Requirements Concerning Additional Indebtedness. The Charter also requires that, prior to the SFMTA's issuance of any additional Bonds or other indebtedness, the Board of Supervisors authorize such issuance and the Controller provide a certificate stating that sufficient unencumbered balances are expected to be available in the proper fund to meet all payments due on such Bonds or other indebtedness and that any such obligation, if secured, is secured by revenues or assets under the jurisdiction of the SFMTA.

THE CITY AND COUNTY OF SAN FRANCISCO

The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The City's population in fiscal year 2014-15 was approximately 864,400.

The San Francisco Bay Area consists of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (collectively, the "Bay Area"). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, biotechnology and higher education.

The City is a major convention and tourist destination. According to the San Francisco Travel Association, a nonprofit membership organization, during the calendar year 2014, approximately 18.01 million people visited the City and spent an estimated $10.67 billion during their stay. The City is also a leading center for financial activity in the State and is the headquarters of the Twelfth Federal Reserve District, the Eleventh District Federal Home Loan Bank, and the San Francisco Regional Office of Thrift Supervision.

The City benefits from a highly skilled, educated and professional labor force. The per-capita personal income of the City for fiscal year 2014-15 was $75,930. The San Francisco Unified School District operates 16 transitional kindergarten schools, 72 elementary and K-8 school sites, 12 middle schools, 18 senior high schools (including two continuation schools and an independent study school), and 46 State-funded preschool sites, and sponsors 13 independent charter schools. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the University of California Hastings College of the Law, the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the Art Institute of California – San Francisco, the San Francisco Conservatory of Music, the California Culinary Academy, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County and owned and operated by the City, is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific traffic. In fiscal year 2014-15, SFO serviced approximately 48.2 million passengers and handled 441,797 metric tons of cargo. The City is also served by the Bay Area Rapid Transit District (electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway, operated by the City, provides bus and streetcar service within the City. The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities and natural resource protection.

The City is governed by a Board of Supervisors elected from eleven districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. Edwin M. Lee is the 43rd and current Mayor of the City, having been elected by the voters of the City in November 2011. The City's adopted budget for fiscal years 2015-16 and 2016-17 totals $8.94 billion and $8.99 billion, respectively. The General Fund portion of each year's adopted budget is $4.59 billion in fiscal year 2015-16 and $4.68 billion in fiscal year 2016-17, with the balance being allocated to all other funds, including enterprise fund departments, such as SFO, the San Francisco Municipal Transportation Agency, the Port Commission and the San Francisco Public Utilities Commission (the "SFPUC"). The City employed 30,156 full-time-equivalent employees at the end of fiscal year 2014-15. According to the Controller of the City (the "Controller"), the fiscal year 2015-16 total net assessed valuation of taxable property in the City is approximately $194.4 billion.

In January 2013, the Mayor established a Transportation Task Force (the "Task Force") charged with prioritizing the City's transportation system needs and identifying funding sources to realize them. On November 25, 2013, the Task Force released its report (the "Task Force Report") analyzing the needs of the Transportation System and other regional carriers and identifying proposed priorities for investment in the Transportation System and potential revenues and sources of funding to meet such needs and goals. The Task Force Report identified a need of approximately $10.1 billion for transportation infrastructure through 2030, with $3.8 billion of funding identified. Prioritized objectives among identified needs included maintaining existing assets in a state of good repair, improving travel time and reliability, reducing costs, serving planned growth and improving safety and accessibility of the Transportation System. Proposed additional revenue and funding sources through 2030 included an aggregate of $829 million in general obligation bonds of the City, an increase of 1.35% in the vehicle license fee, which the Task Force Report estimated would produce approximately $1.09 billion in additional revenues through 2030, and an increase of 0.5% in the sales tax imposed within the City, which the Task Force Report estimated would result in approximately $1.03 billion in additional revenues through 2030. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Capital Program." On November 4, 2014, voters in the City approved Proposition A and Proposition B. Proposition A, placed on the ballot in light of the Task Force Report, authorizes the City to issue up to $500 million in general obligation bonds the proceeds of which may be applied to finance transportation-related projects. See "THE SAN FRANCISCO MUNICIPAL

TRANSPORTATION AGENCY—City General Obligation Bonds." Proposition B amends the Charter to provide for annual increases in certain amounts transferred to the SFMTA by the City from its General Fund. Such increases will be proportional to increases in the population of the City, provided that in years in which population has not increased, no adjustments shall be made. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY— City General Fund Transfers—Annual General Fund Transfer No. 1."

The Task Force Report is available on the Controller's website at http://www.sfcontroller.org. However, neither the Controller's website nor the Task Force Report is incorporated herein by reference.

Certain information about the City may be found in APPENDIX B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES." The material in Appendix B was prepared by the City and updated as of _______, 2016.

THE GENERAL FUND OF THE CITY IS NOT LIABLE FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT THEREOF.

THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Organization and Purpose

The SFMTA is an enterprise department of the City and County of San Francisco 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 within the City (collectively referred to in this Official Statement as the "Transportation System"). The SFMTA was established by voter approval of the addition of Article VIIIA to the Charter in 1999 (Proposition E). The purpose of the Charter amendment was to consolidate all transportation functions within a single City department, and to provide the Transportation System with the resources, independence and focus necessary to improve transit service and the City's transportation system. Among City departments, the SFMTA was given exceptional authority to control its operations, purchasing, contracting, and labor relations, as well as a guaranteed share of City General Fund resources. The voters approved additional Charter amendments in 2007 (Proposition A) and 2010 (Proposition G) that further increased the autonomy of and revenues to the SFMTA and increased management flexibility, respectively. On November 4, 2014, voters in the City approved Proposition A and Proposition B which, respectively, authorize the City to issue up to $500 million in general obligation bonds the proceeds of which may be applied to finance transportation-related projects and provide for annual increases in certain amounts transferred to the SFMTA by the City from its General Fund based on increases in population of the City. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—City General Obligation Bonds" and "THE

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY— City General Fund Transfers—Annual General Fund Transfer No. 1."

The Charter states that the SFMTA is to adhere to a "Transit First Policy" in its management of the City's Transportation System and that the SFMTA's goal is to "manage [the City]'s transportation system – which includes automobile, freight, transit, bicycle, and pedestrian networks" to help the City achieve "an effective, efficient and safe transportation system..." to support "its goals for quality of life, environmental sustainability, public health, social justice, and economic growth." This "Transit First Policy" further requires that "public transit, [and travel] by bicycle and on foot must be an attractive alternative to travel by private automobile."

The SFMTA promotes the safe and efficient movement of people and goods throughout the City through many programs. It manages Muni, which is the eighth largest provider of public transit service in the United States and has over 700,000 boardings per day on its motor buses, trolley buses, light rail vehicles, historic streetcars, and cable cars. The SFMTA also oversees the management and operation of 40 public off-street parking facilities owned by the SFMTA, Recreation and Park and the Parking Authority, a separate legal entity created under the laws of the State. Members of the Board serve *ex officio* as members of the governing body for the Parking Authority. The SFMTA also manages traffic engineering functions within the City, including the placement of signs, signals, traffic striping, curb markings, and parking meters. Finally, the SFMTA regulates the taxi industry within the City.

Across its various functions and missions, the SFMTA's overarching mission is to work together to plan, build, operate, regulate and maintain the transportation network, with its partners, to connect communities. In furtherance of this mission, the SFMTA has developed a strategic plan which identifies four key goals through its Fiscal Year 2018-19: 1. Create a safer transportation experience for everyone; 2. Make transit, walking, bicycling, taxi, ridesharing and carsharing preferred means of travel; 3. Improve the environment and quality of life in the City; and 4. Create a workplace that delivers outstanding service.

SFMTA Organizational Structure. The SFMTA organizational structure includes the following primary divisions along with other functional areas which report directly to the Director of Transportation:

<u>Transit Division</u>. The Transit Division is responsible for delivering multi-modal public transit service within the City through Muni operations. The Division's more than 3,800 staff operate motor coaches, light rail vehicles, electric trolleys, historic trolley vehicles and cable cars; maintain vehicles, transit facilities and infrastructure (e.g. rail track and signals, rail stations, garages and maintenance shops); and are responsible for short-term and long-term service planning.

<u>Sustainable Streets Division</u>. The Sustainable Streets Division manages non-transit modes of transportation, including bicycles, pedestrians, and vehicles other than taxis. The Division's mission is to provide multi-modal transportation planning,

engineering and operational improvements to the City's transportation system to support sustainable community and economic development. The Division is responsible for the City's traffic signs, pavement markings, pedestrian, traffic calming, bicycle and school area safety programs, and management of the parking garages, planning, and Traffic Engineering. The Division is also responsible for overseeing the enforcement of the City's parking regulations and Proof of Payment program, and provides assistance relating to deployment of San Francisco Police Department ("SFPD") personnel dedicated to security and investigations relating to crime prevention on Muni and certain other services provided by the SFPD Traffic Division.

Capital Programs and Construction Division. The Capital Programs and Construction Division is responsible for the planning, design and construction of SFMTA transit capital projects.

Finance and Information Technology Division. The Finance and Information Technology Division is responsible for budgets, grants, revenue collection and sales, financial services, revenue contracts, real estate, accounting, parking pricing and related policy, information technology and performance, contracts and procurement, and administrative proceedings.

Other Functional Areas. Human Resources, Taxi, Safety, Governmental Affairs, Communications and other related organizational structures each report separately to the Director of Transportation.

Board of Directors

The SFMTA is governed by a Board of Directors (the "Board") consisting of up to seven members, which is appointed by the City's Mayor and confirmed by the City's Board of Supervisors. The Board has the authority to appoint the Director of Transportation, approve the budget and set SFMTA policy. The directors serve staggered four-year terms. No person may serve more than three terms as a director. At least four of the directors must be regular riders of Muni, and must continue to be regular riders during their terms. The directors must possess significant knowledge of, or professional experience in, one or more of the fields of government, finance or labor relations. At least two of the directors must possess significant knowledge of, or professional experience in, the field of public transportation.

The current members of the Board and their appointment and expiration dates of their terms are ***[to be updated closer to issuance]***:

Name and Title	Originally Appointed	Term Expires
Tom Nolan, Chairman	May 10, 2006	March 1, 2017
Cheryl Brinkman, Vice Chairman	September 1, 2010	March 1, 2018
Gwyneth Borden	July 8, 2014	March 1, 2018
Malcolm Heinicke	February 22, 2008	[March 1, 2016]
Joél Ramos	May 23, 2011	February 28, 2019
Cristina Rubke	June 5, 2012	[March 1, 2016]

Management

The SFMTA's management team is led by the Director of Transportation. The Director of Transportation is appointed by the Board and serves at the pleasure of the Board. Brief biographies of the Director of Transportation and the principal members of the SFMTA senior management team are set forth below.

Edward Reiskin. Ed Reiskin is Director of Transportation of the SFMTA. Mr. Reiskin was appointed by the Board on August 2, 2011, and began work on August 15, 2011. Mr. Reiskin has more than 20 years of experience in the private, academic, nonprofit and public sectors. Most recently, he led the City's Department of Public Works, managing more than 1,100 employees, whose responsibilities range from engineering, construction management and project delivery to graffiti removal, street cleaning and public engagement programs and an annual $165 million operating budget and a $2 billion capital budget. Previously, Mr. Reiskin served as the first Director of the City's 311 Customer Service Center. Prior to joining the City, he served as the Interim City Administrator and as Deputy Mayor for the Government of the District of Columbia. Prior to joining the District government, Mr. Reiskin worked for three years for the City of Oakland, California as an assistant to the city manager. Mr. Reiskin has also performed business and community environmental work for a nonprofit research and consulting organization, conducted academic research on sustainable development at a business school and worked as an engineer and manager in the private sector. Mr. Reiskin holds a Master of Public Administration degree from Harvard University's Kennedy School of Government, a Master of Business Administration degree from New York University's Stern School of Business and a Bachelor of Science degree from the Massachusetts Institute of Technology.

Sonali Bose. Sonali Bose is Chief Financial Officer of the SFMTA. Ms. Bose has held senior level finance positions in the public and private sectors over the last 25 years. The public sector positions include Chief Financial Officer for the Metro Gold Rail Line in Los Angeles, Chief Financial Officer for the Port of Oakland, Director of Finance for the City of Berkeley and Treasurer for the City of Oakland. Her private sector positions include Chief Financial Officer/Administrative Officer for a third party administrator for pension, health and welfare funds, Managing Director and Finance Manager for international consulting firms focusing on infrastructure projects and Vice President of Finance for a merchant bank. Ms. Bose has business administration and public policy graduate degrees from Harvard University and the University of California, Berkeley. Her undergraduate degree is from the University of California, Berkeley.

Vince Harris. Vince Harris is Director of Capital Programs and Construction of the SFMTA. Prior to joining the SFMTA, Mr. Harris was the Executive Director of the Stanislaus Council of Governments, the Metropolitan Planning Organization for the Stanislaus Region, responsible for developing and delivering the Regional Transportation Plan, including a diverse mix of transit highway and local street and road projects to be delivered in Stanislaus County over the next 23 years. In this capacity he was responsible for all agency functions including regional transportation planning, program administration, financial management and budget control. He is also the former Executive Director of the Alameda County Transportation Authority, in which capacity he managed a $1.0 billion Transportation Improvement Program with the delivery of over $100 million of completed capital projects in 10 years. Mr. Harris' career spans 30 years, with transportation assignments in both the public and private sector in California, Texas, Utah and Washington, D.C. He holds a Bachelor of Science Degree in Civil Engineering Technology from the University of Pittsburgh and a Masters in Public Administration from California State University in Hayward.

John Haley. John Haley is Director of Transit of the SFMTA. Mr. Haley is a nationally recognized leader in the transportation industry with over 30 years of public and private sector experience. He joined the SFMTA from the Metropolitan Transit Authority of Harris County ("METRO") in Houston, where he was the Vice-President of Infrastructure and Service Development. At METRO, Mr. Haley implemented new bus rapid transit and commuter rail services, which significantly contributed to improved service reliability and ridership gains. He also directed internal accountability initiatives to improve operational efficiency and advanced Authority-wide plans to improve system safety. Prior to his work in Houston, Mr. Haley served as Deputy Executive Director of the Port Authority of New York and New Jersey, General Manager of the Massachusetts Bay Transportation Authority (MBTA), Deputy General Manager of the San Francisco BART and as a strategic advisor to major transportation agencies nationwide. He has a Master of Public Administration from Syracuse University and a Bachelor of Science in Government from Northeastern University.

Tom Maguire. Tom Maguire is the Director of Sustainable Streets of the SFMTA. Mr. Maguire previously worked for New York City's Department of Transportation ("NYCDOT") where he oversaw the agency's Bus Rapid Transit, Freight Mobility, Peak Rate Parking, and Alternative Fuels programs. He worked on road pricing and parking pricing for NYCDOT since the effort to implement congestion pricing began in Manhattan in 2007-2008. While at NYCDOT, Mr. Maguire also managed the transportation elements of New York City's 2007 PlaNYC strategic plan and the transportation resiliency strategy in its Stronger, More Resilient New York plan to rebuild after Hurricane Sandy. In partnership with MTA New York City Transit, he steered the development of New York City's seven-route Select Bus Service program. He has also found ways to use innovative data sources to demonstrate the transportation and economic benefits of livable streets.

Prior to joining NYCDOT, Mr. Maguire worked at the engineering and design firm Arup. He holds a Masters in City Planning from the University of California, Berkeley and a Bachelor of Arts from Rutgers University.

Transit

Background and History. The San Francisco Municipal Railway (the "Municipal Railway") began service in 1912 as one of the first publicly owned and operated transit systems in the United States, competing with privately operated systems, and initiating service to areas of the City not served by those systems. In 1944, the Municipal Railway absorbed the much larger, privately owned Market Street Railway Company, creating a combined system that was about three times as large as the prior Municipal Railway system. The City's acquisition of the California Street Railroad in 1952 conveyed to public control all transit services within the City. From 1932 until 1994, the SFPUC governed the Municipal Railway. In 1993, the City's voters passed Proposition M, which created the Public Transportation Commission and the Public Transportation Department, and removed the Municipal Railway from the authority of the SFPUC. Governance of Muni changed again in 1999 with the passage of Proposition E, which created the SFMTA and consolidated the management of Muni with the parking and traffic related functions performed by the previous Department of Parking and Traffic (the "DPT").

Transit Operations. The SFMTA operates Muni, which is the City's public transportation system. Muni operates 365 days a year, and connects with regional transportation services, such as those provided by the BART, the Peninsula Corridor Joint Powers Board ("PCJPB"), the San Mateo County Transit District ("SamTrans"), and the Alameda-Contra Costa Transit District ("AC Transit"). Based on ridership, Muni is the eighth largest system in the United States and the Bay Area's largest and most heavily used public transit system, transporting approximately 45 percent of all transit passengers in the region. Muni averages approximately 700,000 weekday boardings (totaling in excess of 225 million trips per year). By way of comparison, BART carries approximately 400,000 weekday passengers, AC Transit carries approximately 190,000 weekday passengers and Santa Clara VTA carries approximately 140,000 weekday passengers.

Muni's fixed route network consists of 50 motor coach lines, 14 electric trolley bus lines (i.e. rubber-tired vehicles that operate on electricity provided from overhead wires), six light rail lines that operate above ground and in the City's Market Street subway tunnel, three cable car lines and a historic streetcar line. Muni also provides paratransit service for passengers who are unable to use fixed route service through a service contract. The table below summarizes the composition of Muni's transit revenue vehicle fleet.

TABLE 1

SUMMARY OF MUNI'S REVENUE VEHICLE FLEET AS OF ________, 2016

Vehicle Fleet	Number of Vehicles
Motor Buses	___ vehicles
Trolley Buses	___ vehicles
Light Rail Vehicles	___ vehicles[2]
Historic Streetcars	___ vehicles
Cable Cars	___ vehicles

Source: SFMTA

Of Muni's four fixed route modes of service, motorbuses serve the highest number of passengers, followed by trolley buses, light rail, street rail and cable car. During the five-year period from Fiscal Year 2010-11 through Fiscal Year 2014-15, annual Muni ridership varied between approximately 214 million and 228 million boardings.

TABLE 2

HISTORIC FIXED ROUTE RIDERSHIP BY MODE (ANNUAL BOARDINGS IN THOUSANDS) (FISCAL YEARS ENDED JUNE 30)

Mode	2011	2012	2013	2014	2015[3]
Motor Bus	89,451	95,625	97,181	98,366	95,005
Trolley Bus	66,233	67,545	65,248	65,328	60,554
Light Rail[4]	51,022	43,608	45,359	48,779	49,076
Street Rail[(2)]	N/A	8,078	8,390	8,172	7,857
Cable Car	7,042	7,270	6,813	7,332	6,834
Total Ridership	213,748	222,126	222,991	227,977	219,326

Source: SFMTA

The SFMTA does not believe that the Fiscal Year 2014-15 ridership figures shown in Table 2 above reflect actual ridership on the Muni system. Fiscal Year 2014-15 figures are four percent (or about 8.7 million riders) lower than Fiscal Year 2013-14. The four percent decrease is driven by a decrease in bus ridership, particularly by the trolley coach

[2] The SFMTA Board of Directors and the Board of Supervisors have approved a contract with Siemens Industry, Inc. to acquire up to 260 new light rail vehicles over the next 15 years, with the first light rail vehicles scheduled to arrive in Fiscal Year 2016-17. The new light rail vehicles will replace and expand Muni's existing fleet. See "THE SERIES 2016 PROJECTS—Light Rail Vehicle Acquisition."
[3] Fiscal Year 2014-15 ridership numbers have been submitted but have not yet been approved by the Federal Transit Administration and the National Transit Database ("NTD").
[4] Effective Fiscal Year 2011-12, the NTD reports Street Rail data separately from Light Rail data.

mode, which shows seven percent (or about 4.8 million) fewer riders. However, this decrease is inconsistent with larger trends:

- The SFMTA has improved Muni service delivery – which has suffered for many years due to lack of vehicles and/or operators – from 96 percent to over 99 percent.

- The SFMTA has increased Muni service by six percent, with another service increase coming in April 2016.

- San Francisco's economy is booming, and housing units are being added at record numbers.

While the SFMTA has been consistent in utilizing FTA-approved methods for collecting ridership data, the SFMTA believes the cause of the decline is due to measurement errors on motor coaches and trolley coaches. The SFMTA uses automatic passenger counters (APCs) to collect ridership on its bus fleet. These sensors are nearly ten years old, are older generation technology, and may be nearing the end of their useful lives. The SFMTA is in the process of validating these legacy APCs to determine whether or not the counts are accurate.

The SFMTA has also started to replace its entire bus and light rail fleet – these new vehicles will be equipped with the latest generation of APC technology, which offers higher levels of precision and accuracy. By 2019, the bus fleet will have completely turned over with these new vehicles, and the first light rail vehicles will begin to arrive. The SFMTA is working to ensure that both legacy and future APC systems are properly validated, maintained, and integrated with other in-vehicle systems so that future ridership counts will be accurate. The SFMTA is also starting to regularly track other indicators of ridership such as Clipper tags and fare revenue to understand and verify trends. In the meantime, the SFMTA will avoid using overall Fiscal Year 2014-15 ridership figures to inform any major changes to its strategic direction for Muni service.

The SFMTA's transit fleet is one of the most diverse in the nation and includes a variety of vehicles which incorporate technologies designed to provide operational and environmental benefits, such as: reductions in tailpipe emissions and other forms of pollution, decreased energy consumption, and increased vehicle in-service time. The SFMTA has set a sustainability goal for itself of achieving zero fleet emissions by 2020. More than 50 percent of the SFMTA's fleet of buses and rail vehicles are already powered by City-owned zero emission hydroelectric power, and as a whole the SFMTA's fleet of buses and rail vehicles produces low per-passenger emissions. The SFMTA's fleet also includes a large number of biodiesel vehicles powered by advanced hybrid-electric motors fueled with the City's recycled restaurant oils. This "liquid solar" biodiesel is made from restaurant grease collected and produced locally as part of the City's "fryer to fuel tank" energy sustainability program, saving the SFMTA fuel costs while avoiding emissions from "upstream" fuel transportation. In Fiscal Year 2013-14, the SFMTA purchased approximately 4.8 million gallons of fuel for its motor fleet and approximately 104.1 kWh of electricity for its electric vehicles. In Fiscal Year 2014-15, the SFMTA purchased approximately ____ million gallons of fuel for its motor fleet and approximately ____ million kWh of electricity for its electric vehicles. See "—Operating and Maintenance Expenses—Fuel, Lubricants and Electricity Costs."

As part of its efforts to improve transit system service reliability, the SFMTA is focused on improving vehicle performance. The majority of system delays are caused by vehicle issues. In Fiscal Year 2012-13, contracts were awarded to rehabilitate more than 80 SFMTA motor coaches. In addition to the motor coach rehabilitation, the SFMTA is also undertaking light rail vehicle rehabilitation, with rehabilitation complete on approximately one-third of the light rail fleet as of June 1, 2013. In mid-2013, SFMTA began replacing 112 motor buses operating past their useful life. [SFMTA also began replacing 60 articulated trolley coaches in early 2015.] The SFMTA Board of Directors and the Board of Supervisors have also approved a contract with Siemens Industry, Inc. ("Siemens") to acquire up to 260 new light rail vehicles over the next 15 years, with the first light rail vehicles scheduled to be delivered in Fiscal Year 2016-17. The new light rail vehicles will ultimately replace and expand Muni's existing fleet. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Capital Program—Current Projects—Light Rail Vehicle Acquisition."

As of July 1, 2012, SFMTA began to offer all-door boarding on all buses and trains system-wide, installing fare card readers at the rear doors of every vehicle. Two years after implementation, a comprehensive evaluation of all-door boarding found that (i) vehicle dwell times at busy stops was reduced by an average of 38% and dwell time variability was also reduced; (ii) average system bus speeds increased by 2% even in the face of increased transit demand and congestion; and (iii) somewhat improved fare compliance.

Transit Facilities. The SFMTA owns and maintains several operations, maintenance and administrative facilities, as well as an extensive network of stations, tracks, overhead power supply lines, and power distribution facilities.

TABLE 3

SUMMARY OF SFMTA'S TRANSIT AND BICYCLE FACILITIES AS OF [OCTOBER 1, 2013] *[To be updated for issuance]*

Transit and Bicycle Facility	Unit
Miles of light rail track for revenue service	71.1 miles
Miles of subway track	13.4 miles
Miles of cable car track for revenue service	10.2 miles
Miles of overhead power supply wires for light rail and trolley bus revenue service operations	209.5 miles
Number of light rail stations	9 Subway and 23 Surface Stations
Number of light rail boarding platforms	168
Number of substations for electrical power distribution	26
Operations, maintenance and administrative facilities	22
Signalized intersections	1,205
Bike lanes and shared use paths	217 miles

Source: SFMTA

The SFMTA Facilities Program develops, manages and maintains space for operating, maintenance, administrative and storage needs in support of the SFMTA's transit activities. The majority of the SFMTA's operation and maintenance facilities are dedicated to the storage, maintenance and dispatch of Muni's fleet of vehicles. Three facilities house motor coaches: Woods Division, Flynn Divisions and Kirkland Divisions. Two house trolley coaches: Potrero Division and Presidio Division. Five facilities support Muni's rail operations: Green Division, the Muni Metro East, the Geneva Yard, the Cable Car Barn and the Duboce Yard. And seven other facilities, including the Central Control Center, Scott Division, Marin Street and the Burke Avenue Facility, provide support to all transit modes. Finally, the SFMTA's administrative offices are distributed among six different sites in the City.

The current condition of the SFMTA's transit facilities varies broadly. Certain transit facilities are new, while others have no serious defects noted, and still others require significant renovation or seismic improvement, are outmoded or are inadequately sized for the current operational requirements of the SFMTA. See "—Capital Program—State of Good Repair Analysis."

The SFMTA has completed a real estate study to determine the SFMTA's long-term facility needs, including potential transit-oriented development projects. The results of the study are in the process of being transferred into an implementation plan and incorporated into the SFMTA's Capital Improvement Plan. See "–Capital Program."

Regulatory Issues. The SFMTA is regulated by various federal, State and local agencies, including the Federal Transit Administration and the California Public Utilities Commission ("CPUC"). The SFMTA meets with the Federal Transit Administration and the CPUC on a regular basis to ensure that both agencies are aware of the SFMTA's transit operations. In addition, the Federal Transit Administration performs a triennial review, as well as fiscal, procurement and other periodic audits, to determine whether the SFMTA is administering its Federal-Transit-Administration-funded programs in accordance with statutory and Federal Transit Administration requirements and is meeting program objectives. The CPUC conducts a triennial audit for rail operations. A determination that the SFMTA is not in compliance with regulatory requirements could lead to a loss of funding, and changes in regulatory requirements could impact the SFMTA's operations or increase operating costs or capital requirements. See "CERTAIN RISK FACTORS—Statutory and Regulatory Compliance" and "—Reliance Upon Grants and City General Fund Transfers."

Parking and Traffic Functions

[To be updated for issuance.] The SFMTA currently manages 19 public garages and 19 metered surface parking lots in the City, which account for nearly 15,000 parking spaces; manages on-street parking through the use of approximately 25,000 single space parking meters and 447 multi space pay stations covering approximately 3,000 spaces, color curbs, various permits; and sells parking meter cards. The parking garage and lot spaces managed by the SFMTA currently constitute approximately 30% of all spaces downtown and approximately 15% of all spaces Citywide. The SFMTA's traffic responsibilities include managing nearly 200,000 traffic signs, 1,203 signalized traffic intersections, approximately 900 miles of striped streets, pavement messages, and special curb zones throughout the City. In addition, the SFMTA also enforces parking regulations through its Enforcement Division through the issuance of parking citations by the SFMTA parking control officers, San Francisco Police, and other agencies.

Parking Garages. The 19 parking garages that the SFMTA currently manages include parking facilities owned by the SFMTA, the Parking Authority and Recreation and Park.

The following table lists the public parking garages managed by the SFMTA as of [October 1, 2014] ***[To be updated for issuance]***:

TABLE 4

SFMTA-MANAGED PARKING GARAGES
AS OF [OCTOBER 1, 2014]

Facility Name	Number of Spaces	Year Opened
16th & Hoff	98	1996
Civic Center[5]	843	1958
Ellis O'Farrell	950	1964
Fifth & Mission	2,585	1957
Golden Gateway	1,095	1965
Japan Center	920	1965
Lombard Street	205	1988
Mission-Bartlett	350	1983
Moscone Center	732	1984
North Beach	203	2002
Performing Arts	598	1983
Pierce Street	116	[Not Available]
Polk-Bush	129	1993
Portsmouth Square[5]	504	1960
St. Mary's Square[6]	414	1952
SF General Hospital	1,657	1996
Sutter Stockton	1,865	1959
Union Square[5]	985	1941
Vallejo Street	163	1969
Total	14,412	

Source: SFMTA

The age of the garages ranges from [14 years to 75 years]. Other than with respect to the Recreation and Park Garages (defined below), all revenues from the operations of each parking facility operated by the SFMTA, less parking taxes and amounts applied to pay for operating expenses (including routine maintenance), are used to fund public transit pursuant to the City Charter. While routine repairs, including repairs of concrete failures, drainage issues, lighting, out-of-service elevator, revenue control equipment and signage, are regularly funded and completed, significant repair and rehabilitation projects have been deferred. As a result, substantial maintenance and repair backlogs exist with respect to such repairs and rehabilitation projects at certain facilities and the condition of most garages has declined over the years. These facilities require extensive rehabilitation and equipment upgrades to bring them in line with current standards and to make them more environmentally friendly. Significant repairs currently include projects related to seismic strengthening, waterproofing, elevator upgrades, ventilation systems

[5] Owned by Recreation and Park.
[6] Recreation and Park and SFMTA each own 50%.

and compliance with ADA regulations as well as addressing planning, building and fire code issues.

Some of the garages owned by the SFMTA and Recreation and Park were historically leased (the "Prior Leases") by non-profit parking corporations (collectively, the "Parking Corporations"), which managed the operations of such garages and transmitted revenues of the garages in excess of certain operating and administrative expenses to the SFMTA. Except for the leases relating to the Japan Center Garage and the Sutter Stockton Garage, the Parking Corporations terminated the Prior Leases and returned direct control of the applicable garage to the SFMTA in 2012. The Japan Center Garage Corporation and the City of San Francisco Uptown Parking Corporation have entered into new leases with the SFMTA, each commencing on February 26, 2013 and expiring in 2023, which provide for daily operational oversight of the Japan Center Garage and the Sutter Stockton Garage, respectively. These new leases require that the Parking Corporations contract with a professional parking company to operate the facility in accordance with the lease and the SFMTA Parking Facility Operation and Management Regulations ("OMR"). All gross revenues and parking taxes collected or received by a Parking Corporation operating a parking garage are deposited in a revenue account on the next banking day following receipt. Periodically, but at least once each month, the SFMTA authorizes the withdrawal and transfer of funds from the revenue account for the purpose of paying operating expenses and purpose of paying the corporate employee salaries and payroll expense. Each Corporation is required to transfer all net income to the SFMTA by the twentieth day of each month or at such other more frequent periodic intervals as specified by the SFMTA. During the first three years of the initial term of these new leases, 100% of net income will be transferred to the SFMTA on a monthly basis. Upon commencement of the fourth year of the initial term, and on a monthly basis thereafter, the SFMTA may authorize the withdrawal and transfer of funds from the revenue account to the related capital account for the purpose of performing capital improvements to the respective garages.

The SFMTA contracts directly with professional parking management vendors, selected through an RFP process, to manage the day-to-day operations of all other garages, excluding oversight of retail lease space, in accordance with a Management Agreement that outlines the vendor responsibilities and incorporates City contracting requirements. The vendor is also responsible for operating the garage in accordance with the OMR and provides all parking management services necessary to operate and maintain the parking facility. The garage operator is responsible for collection of all garage revenue and making deposits on the next business day into an SFMTA or Recreation and Park held revenue account. The operator is responsible for staffing and daily maintenance/operations of the facility in accordance with SFMTA annually approved operating budgets. Expenses incurred by the operator are submitted for reimbursement to the SFMTA twice per month for review and approval.

The SFMTA oversees parking operations at the following garages owned by Recreation and Park: Civic Center, Portsmouth Square and Union Square, and at St. Mary's Square Garage, half of which is owned by SFMTA and half of which is owned by Recreation and Park (collectively, including the half of St. Mary's Square Garage owned by Recreation and Park, the "Recreation and Park Garages"). From revenues of the Recreation and Park Garages, Recreation and Park is obligated to pay to the SFMTA an administrative fee that includes all costs of operating the Recreation and Park Garages and a proportional share of debt service on bonds and other obligations the proceeds of which funded capital improvements at the Recreation and Park Garages. Such administrative fees include a portion of the debt service on the Series 2012 Bonds, the Series 2013 Bonds, the Series 2014 Bonds and, upon their issuance, the Series 2016 Bonds, equal to the ratio of proceeds of such Series of Bonds applied to finance or refinance capital improvements at the Recreation and Park Garages to net proceeds of such Series of Bonds after paying costs of issuance. The SFMTA expects to withhold a portion of gross revenues from operation of the Recreation and Park Garages equal to such fee and transfer all remaining monies to Recreation and Park.

Surface Parking Lots, Parking Meters and Parking Enforcement. The SFMTA also manages 19 surface, metered lots. The following table lists the metered surface lots owned by the City and managed by the SFMTA ***[To be updated for issuance]***:

TABLE 5

SFMTA-MANAGED METERED SURFACE LOTS AS OF [OCTOBER 1, 2014]

Facility Name	Number of Spaces
Cal-Steiner	48
Castro & 18th	20
18th & Collingwood	20
8th & Clement	26
9th & Clement	21
18th & Geary	34
Geary & 21st	21
7th & Irving	36
9th & Irving	41
20th & Irving	24
Ocean & Junipero Serra	20
19th & Ocean	20
Ulloa & Claremont	23
West Portal & 14th	19
24th & Noe	16
Lilac & 24th	18
Norton & Mission	28
Felton & San Bruno	10
7th & Harrison	101
Total	546

Source: SFMTA

All revenues from the operations of each metered surface lot, less amounts applied to pay for operating costs (including routine maintenance), are used to fund public transit pursuant to the City Charter.

The SFMTA currently has approximately 24,730 single space parking meters and 470 multi-space pay stations covering approximately 3,240 spaces (a total of approximately 28,000 total on-street metered and off-street surface lot spaces) in four rate areas throughout the City. Rate areas are legislated in the City's Transportation Code as follows: Downtown (Rate Area 1), Downtown Periphery (Rate Area 2), Fisherman's Wharf (Rate Area 4) and Neighborhood-All other Areas (Rate Area 3). Rate Area 5 consists of SF*park* program areas and overlaps portions of Rate Areas 1-4 (see "—SF*park*"). Prior to the implementation of SF*park*, parking rates ranged from $2.00 to $3.50/hr depending on location. Following 14 rounds of demand-based rate changes, rates in SF*park* program areas now range from $0.25 to $6.00/hr depending on location, day of week, and time of day. Meters in Rate Areas 1-3 are generally in operation from 7 a.m. or 9 a.m. to 6 p.m. Monday through Saturday, except for three meter holidays (Thanksgiving Day, Christmas Day, and New Year's Day). In Fisherman's Wharf (Rate Area 4), meters are in operation from 7 a.m. to 7 p.m. seven days per week. Beginning in April 2013, SFMTA implemented special event pricing during events at AT&T Park that range from $5.00 to $7.00 per hour.

All SFMTA meters accept coins and prepaid SFMTA parking cards as payment. Payment by credit card is now available at approximately 7,000 meters and payment by phone for metered parking has been implemented. The SFMTA receives revenue from citations issued to vehicles on any City street or surface metered parking lot. The Port has jurisdiction over approximately 1,100 additional metered spaces in the City. The revenues generated by the Port's meters are completely separate from SFMTA's meter revenues and go directly to the Port. However, the SFMTA enforces the Port meters and receives revenue from citations issued to vehicles on any City street or surface metered parking lot, including meters within the Port's jurisdiction.

SF*park*. As part of a new approach to parking management, the SFMTA has implemented a series of enhancements to its management of paid parking. The goal of the SF*park* approach is to apply a transparent, data-driven methodology to parking management in order to manage parking demand towards certain availability goals. As a result, the SFMTA believes drivers will find parking more quickly and easily, thus reducing the level of costly negative externalities associated with traffic in the City (*e.g.*, double parking or circling). The SFMTA expects not only to improve driver convenience, but also to accomplish a host of other goals, such as improving the speed and reliability of Muni service on surface streets, reducing traffic congestion, accidents and transportation-related greenhouse gas emissions, and improving economic vitality.

While several cities have implemented programs with elements similar to SF*park*, the SFMTA is the first to put in place a full package of smart parking management technology and policies throughout such an extensive area. Funding for the initial five-year pilot phase of the SF*park* project, which ended on June 30, 2014, came from a $19.8 million grant from the U.S. Department of Transportation's Urban Partnership Program and a $22 million loan from the Metropolitan Transportation Commission ("MTC") under its Congestion Mitigation and Air Quality Improvement Program. Evaluation of the SF*park* pilot demonstration was completed in June 2014 and showed that the demand-based pricing approach resulted in improved parking availability and lower average hourly rates at parking meters and garages. The results also indicated that it was easier for drivers to find an available parking space and that fewer drivers received parking citations due to the ease of payment options provided by new meters. The SFMTA is currently reviewing the program-evaluation results and planning the implementation of a number of policies introduced in the pilot as part of the ongoing operations of the SFMTA.

Other Programs. ***[Update]*** In December of 2008, the Board of Supervisors transferred the functions, powers and duties of the Taxi Commission to the SFMTA. On March 1, 2009, the SFMTA assumed responsibility for regulating the City's taxi industry. More than 8,000 taxi drivers operate nearly 1,800 taxis in the City, including 100 wheelchair accessible vehicles. By the end of 2014, there were over 2,000 vehicles in the taxicab fleet. Taxi vehicles average 95,000 miles per year, up to ten times as much as a private vehicle, thus pushing the need to green this highly used fleet. Over 95 percent of the vehicles in the taxicab fleet are hybrid or compressed natural gas vehicles. This number does not include the 100 accessible vehicles in the fleet, for which there are no alternative fuel options. Some drivers holding taxi medallions are independent operators, while others work for the 29 taxi companies that operate medallions. [The SFMTA is currently engaged in a comprehensive study of taxi industry best practices.]

The SFMTA currently derives a limited amount of Pledged Revenues from a recently enacted program providing for transfer and lease of taxi medallions to individual and color scheme (taxi company) permittees. See "Table 7—PLEDGED REVENUES." Taxi drivers who favor the previous approach of distributing taxi medallions on a first come, first served basis challenged this recently enacted program in San Francisco Superior Court. The challengers seek declaratory relief, an injunction preventing continuation of the transfer and lease program, and an order compelling the SFMTA to issue medallions under the previous system. The City Attorney's Office is defending the new medallion program and the City has prevailed in its motion for summary judgment; however, the decision remains subject to potential appeal by the plaintiffs. The SFMTA has not made any changes to the program as a result of the litigation. The SFMTA is not able to predict whether the plaintiffs will appeal the decision granting summary judgment to the City or what impact, if any, such lawsuit might have on revenues derived from the program should such an appeal be successful.

In recent years, Transportation Network Companies ("TNCs"), such as Uber and Lyft, have entered the ride sharing transportation market in direct competition with taxis. Sales of taxi medallions have not declined materially during such time; however, the long-term impact of TNC operations on the taxi industry remains uncertain. The SFMTA has been working with the industry, TNCs, ride sharing users and the CPUC to address issues raised by the changes in the market stemming from the entrance of TNCs.

In addition, the SFMTA is responsible for designing, directing and managing all traffic engineering functions within the City, including placement of signs, signals, traffic striping and curb markings to promote the safe and efficient movement of people and goods throughout the City and to assist Muni's efficient operation. The Board recently approved an 18-month pilot project to formalize and regulate corporate commuter shuttles. Starting in August 2014, clear and enforceable guidelines began to be promulgated to integrate such shuttles into the broader transportation network of the City. Commuter shuttle operators will be required to make payments calculated on a cost-recovery basis to fund enforcement and program administration. The Board also recently approved dedicating 25 on-street parking spaces to car share companies like Zipcar, City CarShare and Getaround. Car sharing reduces emissions, parking demand and rates of vehicle ownership in the City. The SFMTA expects that this pilot program may eventually dedicate up to 900 on-street parking spaces to car share.

The SFMTA also administers the San Francisco Bicycle Program, dedicated to improving and enhancing bicycling safety and viability as a transportation option through planning, engineering and implementing bicycle facilities and educating the community and relevant agencies about bicycle transportation. [Since August 2010, the SFMTA has installed 33.5 miles of bike lanes in the City, including many enhanced, separated bikeway projects. In recent years, the SFMTA has also added on average approximately 500 bicycle racks on sidewalks and in bicycle corrals per year and currently has more than 8,000 bicycle parking spaces Citywide.]

The SFMTA is also participating in the Bay Area Bike Share system. [The first phase of this pilot project launched in August 2013 with 700 bicycles at 70 kiosk stations deployed in the City and the cities of Redwood City, Palo Alto, Mountain View and San Jose for a 12 to 24 month pilot period. The City currently hosts half of the system's bicycles (350 bikes at 35 stations) and expansion of the system into more neighborhoods is being considered, which would bring the City's total to 500 bike-share bikes.]

Financial Operations

General. The SFMTA is an enterprise department of the City. As a result, its financial operations are included in the Comprehensive Annual Financial Report of the City and shown as an enterprise fund. The SFMTA also has independent financial statements included as Appendix A.

Municipal Transportation Fund. The Charter establishes the "Municipal Transportation Fund." The Municipal Transportation Fund receives moneys from: a) the City's General Fund (pursuant to a formula described under the heading "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—City General Fund Transfers"); b) the revenues generated by Muni and the SFMTA's Parking and Traffic functions; and c) all other funds received by the City from any source, including State and federal sources, for the support of the SFMTA. The Municipal Transportation Fund is maintained separate and apart from all other City funds. Moneys therein are appropriated, expended, or used by the SFMTA solely and exclusively for the operation including, without limitation, capital improvements, management, supervision, maintenance, extension and day-to-day operation of the SFMTA, including any division subsequently created or incorporated into the SFMTA and performing transportation-related functions. The Enterprise Account established pursuant to the Indenture is an account within the Municipal Transportation Fund.

Basis of Accounting. The accounts of the SFMTA are organized on the basis of a proprietary fund, specifically an enterprise fund. The financial activities of the SFMTA are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with its operations are included on the net statement of assets; revenues are recorded when earned and expenses are recorded when the liabilities are incurred. The SFMTA applies all applicable GASB pronouncements, as well as statements and interpretations of FASB, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issues before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. See Appendix A—"SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY, FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

Establishment of Rates, Charges, Fares, Fines and Penalties. Under Section 8A.102(b)(6) of the Charter, the Board has exclusive authority to set Muni fares, rates for off-street and on-street parking, and all other rates, fees, fines, penalties and charges for services provided for functions performed by the SFMTA (collectively referred to herein as "Managed Revenues"). In addition, charges that are not otherwise governed by law are increased on a periodic basis based upon a preset formula as part of SFMTA's two-year operating budget process pursuant to the Board's "Automatic Indexing Implementation Plan." See "—Operating Revenues—Automatic Indexing Policy Applicable to Fares, Fees and Charges." Muni fare increases, including increases pursuant to the Automatic Indexing Implementation Plan, must be submitted to the Board of Supervisors for consideration in accordance with the Charter as part of the SFMTA budget process or in a budget amendment. Any budget or budget amendment that includes rate increases may be rejected in its entirety, but not modified, by the Board of Supervisors by a seven-elevenths vote. See "—Budget Process."

Budget Process. The SFMTA develops a two-year operating budget. In accordance with the Charter, the SFMTA's two-year budget must be presented to the SFMTA Citizen's Advisory Council and the public for review and comment. No later than May 1st of each even-numbered year, the proposed budget for each of the next two years must be submitted to the Mayor and the Board of Supervisors. To the extent that the proposed budget does not seek additional General Fund financial support beyond that required by the Charter, and does not request additional General Fund resources or support, the Board of Supervisors may allow the SFMTA's budget to take effect without any action on its part, or it may reject the budget in its entirety by a seven-elevenths vote. If the Board of Supervisors rejects the SFMTA budget, it must make appropriations to sustain the SFMTA operations at the previously approved level until a budget is approved.

The SFMTA may move funds within its budget and direct the hiring of personnel, so long as the SFMTA remains within its budget as deemed by the City Controller. In determining whether the SFMTA remains within budget, the Controller must confirm that anticipated work orders and revenues are balanced and may, if any revenues are deemed to be contingent, place a reserve on certain expenditures or impose other appropriate controls in his discretion to keep the SFMTA within budget. The SFMTA may also adjust its budget at any time pursuant to a budget amendment process in order to reflect updated budget projections and changes in anticipated or realized revenues and expenditures. Budget amendments are submitted to the Mayor and the Board of Supervisors and, with the exception of the deadline for submission, are subject to the same procedural requirements as described in the prior paragraph with respect to the SFMTA's budget.

Operating Revenues

The SFMTA's financial operations are supported from each of the following sources: 1) passenger fares, 2) City General Fund Transfer No. 1 and City General Fund Transfer No. 2 (each defined below), 3) federal, State and regional grants, and 4) local parking revenues. This diversity of sources gives the SFMTA a relatively stable base of operating revenues.

TABLE 6

SFMTA HISTORICAL OPERATING REVENUES AND EXPENSES[7] (FISCAL YEARS ENDING JUNE 30)

Category of Revenues or Expenses	2011	2012	2013	2014	2015
Operating Revenues					
Passenger Fares (fixed route & paratransit)	$191,626,285	$202,272,010	$220,090,131	$212,832,484	$214,676,794
Fines, Fees, & Permits	123,326,527	120,313,199	126,835,008	155,160,297	128,437,369
Parking Meters	40,530,598	47,138,412	53,856,002	59,964,106	56,957,628
Parking Garage	46,025,396	44,024,673	56,572,912	68,462,554	68,765,838
General Fund Transfer No. 2[8]	58,190,000	61,320,000	65,320,000	66,781,300	69,767,003
Other (includes rent, advertising & interest)	23,734,857	23,638,801	26,275,183	28,303,860	33,056,097
Operating Grants:					
Regional Grants (AB 1107, TDA, Bridge Tolls)	$ 64,854,252	$66,512,285	$79,608,421	$81,497,955	$86,597,357
State Transit Assistance (STA)	36,344,667	31,044,664	46,576,187	39,080,722	40,508,387
Gas Tax Adjustment	3,173,568	2,979,709	3,055,028	3,601,174	3,621,936
Restricted Paratransit Grants (5307, Prop K, STA, Other)	9,978,723	14,776,767	14,767,218	15,056,121	15,879,038
Subtotal Operating Grants	$114,351,210	$115,313,425	$144,006,854	$139,235,972	$146,606,718
General Fund Transfer No. 1[7]	196,700,000	212,640,000	222,390,000	243,910,000	272,340,000
Appropriated Fund Balance	0	0	0	0	20,000,000
TOTAL OPERATING REVENUES	**$794,484,873**	**$826,660,520**	**$915,346,090**	**$974,650,573**	**$1,010,607,447**
Operating Expenses					
Salaries	$360,199,083	$365,402,874	$367,955,701	$382,456,456	$412,865,964
Less: Overhead/Recoveries	(33,560,836)	(26,091,232)	(28,945,005)	(35,412,815)	(38,379,646)
Net Salaries	$326,638,247	$339,311,642	$339,010,696	$347,043,641	$374,486,318
Fringe Benefits:					

[7] Detailed information regarding specific line items is set forth in "—Operating Revenues," including Tables 7, 8, 9 and 10 and accompanying footnotes; "—Interest Income"; "—Federal, State, Regional and Local Grants," including Table 11 and the accompanying footnote; "—City General Fund Transfers," including Table 12; "—Appropriated Prior Year Fund Balance;" "Contingency Reserve Policy;" "—Operating and Maintenance Expenses," including Tables 13 and 14 and the accompanying footnotes; and "—Labor Relations," including Table 17 and the accompanying footnotes.

[8] General Fund Transfer No. 1 is reported in the SFMTA's audited financial statements as "General Fund Baseline Transfer (by City Charter)." General Fund Transfer No. 2 is reported in the SFMTA's audited financial statements as "General Fund - in lieu of Parking Tax."

Category of Revenues or Expenses	2011	2012	2013	2014	2015
Pension	$ 50,572,435	$63,557,023	$65,627,360	$76,811,693	$87,077,155
Medical	72,150,750	82,321,832	85,429,332	86,540,170	88,499,604
Less: Overhead/Recoveries	(10,024,665)	(7,793,485)	(8,645,911)	(10,577,854)	(11,464,050)
(Continued)					
Net Pension & Medical	$112,698,520	$138,085,370	$142,410,781	$152,774,009	$164,112,709
All Other Fringe Benefits	$ 29,342,159	$33,063,255	$28,782,621	$29,844,154	$32,780,502
Fuel & Lubricants	16,109,183	19,486,160	19,474,408	19,231,499	15,169,563
All Other Materials and Supplies	48,887,647	51,796,213	55,265,880	75,307,240	74,960,295
Paratransit Service Contract	16,993,086	18,140,982	17,893,750	19,040,363	22,405,428
All Other Professional Services	31,530,326	31,547,683	47,761,971	58,304,451	65,443,462
Service of Other City Departments[9]	45,287,150	52,662,798	55,278,596	54,444,965	50,261,594
Rent and Buildings	16,449,535	14,386,146	15,435,334	18,353,315	19,016,959
Insurance and Claims	39,006,208	44,121,393	32,729,884	48,320,905	52,609,052
Payments to Other Governmental Entities	19,206,675	22,261,080	24,710,321	17,366,605	18,538,536
Debt Service	2,690,890	2,685,035	5,886,249	11,348,069	16,275,677
Subtotal Operating Expenses before Transfers	$704,839,626	$767,547,757	$784,640,491	$851,379,216	$906,060,095
Transfers					
Transfers to Current Capital Projects	17,742,000	3,074,716	5,790	9,714,063	29,965,983
Transfers to Future Capital Projects and Net Changes to Operating Carryforwards	29,261,264	30,765,000	69,927,137	14,137,469	38,497,902
Transfers to Reserves	20,000,000	8,000,000	17,000,000	9,900,000	2,340,000
TOTAL OPERATING EXPENSES & TRANSFERS	**$771,842,890**	**$809,387,473**	**$871,573,418**	**$885,130,748**	**$976,863,980**[10]

Source: SFMTA

[9] Service of Other City Departments includes amounts paid to various cities departments for services such as SFPUC for electricity.

[10] FY2015 available operating fund balance is $212,442,018 net of $20 million reserve for FY2016 budget; FY2016 projected available operating fund balance of $227,042,367 is net of $20 million reserve for FY2017 budget; FY2017 projected available operating fund balance is based on FY2017 projected balanced budget without surplus or deficit.

The amounts in Table 7 (extracted from Table 6) represent the SFMTA revenues that constituted "Pledged Revenues" in Fiscal Years 2010-11 through 2014-15 and SFMTA revenues that would have constituted "Pledged Revenues" under the Indenture in earlier Fiscal Years had the Indenture been in effect at such time. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge of Pledged Revenues Under the Indenture." Revenues shown in Table 6 but not in Table 7 were not or, as applicable, would not have constituted "Pledged Revenues" under the Indenture.

TABLE 7

PLEDGED REVENUES
(IN THOUSANDS)
(FISCAL YEARS ENDING JUNE 30)

REVENUE SOURCE	FY2011	FY2012	FY2013	FY 2014	FY 2015
Passenger Fares (fixed route & paratransit)[11]	$191,626	$202,272	$220,090[12]	$212,832	$214,677
Fines, Fees, Permits & Taxis [10, 13]	124,144	120,230	127,772	155,160	128,437
Parking Meters[10, 14]	40,531	47,138	53,856	59,964	56,958
Parking Garages[10, 15]	46,025	44,025	56,573	68,463	68,766
Other (includes rent, advertising & interest)	22,918	22,722	25,338	28,304	33,056
AB 1107	30,145	32,501	34,812	36,912	38,811
State Transit Assistance (STA)[16]	36,345	31,045	46,576	39,081	40,508
TDA	32,021	31,324	42,108	41,898	45,099
Total Pledged Revenues[17]	$523,755	$532,257	$607,125	$642,614	$626,312

Source: SFMTA

[11] Managed Revenues over which the SFMTA has rate-setting authority. See "—Financial Operations—Establishment of Rates, Charges, Fares, Fines and Penalties" and "—Budget Process."
[12] Includes one-time payment from BART for feeder service provided by the SFMTA. See Table 9.
[13] Increase in Fiscal Year 2013-14 is due to more taxi medallion sales. See "—Parking and Traffic Functions—Other Programs."
[14] Amounts shown include all parking meter revenues received by the SFMTA in the applicable Fiscal Year. Parking meter revenues constitute Pledged Revenues only to the extent Bonds or other Parity Obligations have financed traffic regulation and control functions. As of November 1, 2014, Outstanding Bonds have financed or refinanced sufficient traffic regulation and control functions so as to result in all parking meter revenues constituting Pledged Revenues for such Bonds in the Fiscal Years set forth in Table 7. Should this change in the future, however, some or all of such parking meter revenues may be unavailable to pay debt service on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge of Pledged Revenues Under the Indenture."
[15] Net of operating and maintenance expenses of the Parking Corporations. See"—Parking and Traffic Functions—Parking Garages."
[16] A portion of the State Transit Assistance funds received by the SFMTA are restricted to application for paratransit purposes and therefore do not constitute Pledged Revenues under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge of Pledged Revenues Under the Indenture." These restricted amounts are not included in Table 7 and are included as part of the "Restricted Paratransit Grants (5307, Prop K, STA, Other)" shown in Table 6.
[17] Totals may not add due to rounding.

Automatic Indexing Policy Applicable to Fares, Fees and Charges. In April 2009, the Board adopted an "Automatic Indexing Implementation Plan" applicable to Muni fares, SFMTA parking citations and SFMTA garage parking rates, among other charges. Under this plan, which took effect in Fiscal Year 2010-11, charges that are not otherwise governed by law will be increased on a periodic basis based upon a preset formula as part of SFMTA's two-year operating budget process. The formula increases (or decreases) such charges by a rate equal to one half of any change in the Bay Area Consumer Price Index, as determined by the California Department of Finance's Bay Area CPI-U forecast, plus one-half of the annual percentage increase or decrease in the SFMTA's labor costs included in the SFMTA's two-year operating budget. Any resulting increase in fares or fees will be rounded up to the nearest $0.25, $0.50 or $1.00, depending upon the base charge, so long as the rounding impact does not result in more than a 10 percent increase in the applicable charge. The Board may act to increase (or decrease) fares by more or less than the amount determined in accordance with the formula. Such increases (or decreases) would be determined as part of the budget process or in a budget amendment as described in the section "–Financial Operations—Establishment of Rates, Charges, Fares, Fines and Penalties." The budget, when it includes any rate increases, remains subject to rejection by the Board of Supervisors on a seven-elevenths vote. See "–Financial Operations—Budget Process" and "–Establishment of Rates, Charges, Fares, Fines and Penalties."

Passenger Fares. Muni's passenger fare revenues include fares paid by transit riders and paratransit users, as well as proof of payment citations. The basic adult cash fare is $2.25 for regular service, which includes fixed route service on motorbuses, trolley buses, light rail and historic streetcars, but excludes cable cars. Transfers are issued for each cash fare paid for regular Muni service and are valid for 90 minutes in any direction. Frequent riders may purchase a monthly pass, which is good for unlimited rides on all regular service and cable cars. Since September 2011, Muni monthly passes have only been available on the Clipper Card fare instrument, a contactless smart card (the "Clipper Card"), which is also accepted on many other transit systems in the Bay Area.

Senior citizens over age 65, persons with disabilities, and youth between the ages of 5 and 17 qualify for discounted cash and pass fares. A discounted Lifeline Monthly Pass is available for adults who meet income eligibility requirements, and is administered by the City's Human Services Agency. The following table presents Muni's basic adult cash fares and adult monthly passes in force since Fiscal Year 2002-03:

TABLE 8

BASIC ADULT FARES

Effective Date	Adult Cash Fare	Adult Monthly Pass
July 1, 2015	$2.25	$83(A) or $70(M)
September 1, 2014	$2.25	$80(A) or $68(M)
July 1, 2013	$2.00	$76(A) or $66(M)[18]
July 1, 2012	$2.00	$74(A) or $64(M)[17]
July 1, 2011	$2.00	$72(A) or $62(M)[17]
January 1, 2010	$2.00	$70(A) or $60(M)[17]
July 1, 2009	$2.00	$55
September 1, 2005	$1.50	$45
September 1, 2003	$1.25	$45

Source: SFMTA

On March 1, 2013, SFMTA launched a 16-month pilot program to provide free, unlimited rides on Muni to youths between the ages of 5 and 17 who live in households with a gross annual family income at or below the Bay Area median (the "Youth Program"). SFMTA projected that revenue losses and incremental costs of the Youth Program to the SFMTA would total approximately $9.4 million during its 16-month term, half of which the SFMTA expects ultimately to be offset by funds for the program provided by MTC, the San Francisco County Transportation Authority (the "County Transportation Authority") and the San Francisco Unified School District. In 2014, the Board approved continuing the Youth Program through the end of Fiscal Year 2015-16. The Board also approved expanding the Youth Program to include 18 year-olds as well as 19 to 22 year-old students enrolled in the San Francisco Unified School District's Special Education Services and English Learner Programs and delaying indexed increases for discount passes and discount cash fare until the end of Fiscal Year 2015-16. The costs of the expanded and extended Youth Program have been funded by a gift from Google of approximately $6.8 million. In January 2015, the Board expanded the Free Muni Program to include senior citizens over age 65 and persons with disabilities through the end of its Fiscal Year 2015-16.

Between Fiscal Year 2005-06 and Fiscal Year 2014-15, annual ridership has remained relatively stable while Muni's adult cash fare, the cost of an adult monthly pass and Muni's average fare per passenger have generally increased, with a decline in average fare per passenger in Fiscal Year 2013-14 resulting from the Youth Program and other discounts implemented by the SFMTA.

[18] Beginning in 2010, the adult "A" monthly pass allows pass holders to ride Muni, as well as BART within the City (between BART's Embarcadero and Balboa Park stations), while the adult "M" monthly pass covers only travel on Muni. Prior to 2010, all adult monthly passes entitled the holder to the use of BART within the City.

TABLE 9

FARE REVENUE, RIDERSHIP AND AVERAGE FARES PER PASSENGER

Fiscal Year	Total Fare Revenue (In Thousands)	Total Annual Boardings (In Thousands)	Percentage Change in Boardings	Average Fare Per Passenger[19]	Percentage Change in Average Fare[20]
2015[21]	$214,677	219,326[22]	-3.8	$0.98	4.8%
2014[20]	212,832	224,893	2.2	0.93	-5.4
2013[20]	220,090	222,991	0.4	0.99	8.4
2012[20]	202,272	222,126	3.9	0.91	1.6
2011[20]	191,626	213,748	-1.0	0.90	3.2
2010[20]	187,629	215,982	-4.4	0.87	28.3
2009	153,011	225,990	2.7	0.68	-1.6
2008	151,455	220,046	6.6	0.69	-0.7
2007	143,078	206,459	-2.1	0.69	7.2
2006	136,329	210,848	N/A	0.65	N/A

Source: SFMTA

Parking and Citation Revenues. In accordance with the Charter, the SFMTA receives dedicated revenues from 19 parking garages and 19 surface parking lots other than those under the jurisdiction of Recreation and Park. Additionally, the SFMTA receives revenues from all on-street parking meters in the City except for meters on Recreation and Park and Port of San Francisco properties. Finally, the SFMTA receives revenue from residential parking permits, special traffic permits, boot removal fees, automobile towing, and fees for violations captured by the City's red light photo enforcement program.

Other Operating Revenues. The SFMTA receives a portion of its advertising revenue from (i) a Transit Shelter Advertising Agreement, which runs through December 2022 with an option to extend, at the City's discretion, for an additional five years, and (ii) an Agreement for Advertising on the SFMTA Vehicles and Other Property, which

[19] Average fare per passenger is equal to boardings divided by revenue and reflects the impact of transfers, monthly passes and discounted fares, including the Youth Program. Rounded to the nearest $0.01.
[20] Percentages based on non-rounded fare totals.
[21] Pursuant to a contract finalized with BART in Fiscal Year 2012-13, Fare Revenues for Fiscal Year 2012-13 include a one-time payment totaling approximately $8 million made by BART for feeder services provided by SFMTA during Fiscal years 2009-10 to 2011-12, and a payment of approximately $2.8 million for feeder services provided by SFMTA in Fiscal Year 2012-13. Fare Revenues for Fiscal Year 2014-15 include a payment of approximately $3.1 million for feeder services provided by SFMTA during such Fiscal Year.
[22] Fiscal Year 2014-15 ridership numbers include participants in the Youth Program.. Fiscal 2014-15 ridership numbers have been submitted but have not yet been approved by the Federal Transit Administration and the NTD.

expires on June 30, 2019 with options to extend, at the City's discretion, for up to two consecutive five-year periods. The SFMTA derives another portion of its advertising revenues from an agreement with BART. The SFMTA receives interest earnings on cash balances it maintains on deposit in the City Treasurer's pooled funds. The SFMTA also receives certain rents, including rental revenues from properties, space rentals for antenna installation and rentals from kiosks, equipment and facilities.

TABLE 10

OTHER OPERATING REVENUE
(IN MILLIONS)
(FISCAL YEARS ENDING JUNE 30)

Other Operating Revenue	2011	2012	2013	2014	2015
Rents and Concessions	$ 3.1	$ 3.4	$ 3.2	$ 3.4	
Advertising	14.9	15.1	17.8	19.5	
Charges for Services & Other	3.4	3.3	4.1	5.8	

Source: SFMTA

Interest Income

The SFMTA invests operating cash balances in the City Treasurer's pooled funds and earned approximately $2.3 million, $1.9 million, $1.2 million, $2.7 million and $____ million in fiscal years 2010-11 through 2014-15, respectively. The City Treasurer's pooled funds are permitted investments for amounts held by the Trustee under the Indenture. See "—Investment of SFMTA Funds."

Federal, State, Regional and Local Grants

The SFMTA receives grants and funding to support its operations from a variety of federal, State, regional and local sources. The operating grants the SFMTA receives from AB 1107 and the TDA grants (as each described below) will constitute Pledged Revenues. Remaining grants will be applied to other lawful purposes of the SFMTA, including as restricted by the terms of any such grant. The SFMTA may, but is not required to, designate as Pledged Revenues other federal, State, regional or local grants that by their terms may be used to pay debt service. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—Pledge of Pledged Revenues Under the Indenture."

Federal Grants. The Federal Transit Administration's Urbanized Area Formula Funding program (49 U.S.C. 5307) ("Section 5307") makes federal grant funds available to urbanized areas for transit capital and operating assistance and for transportation related planning. In the Bay Area, MTC, a public agency created in 1970 by the State Legislature to provide regional transportation planning and organization in the Bay Area, allocates Section 5307 funds to transit agencies. Although this funding source is primarily used for capital purposes, it also may be used to fund preventive maintenance costs, which are operating expenses. The SFMTA and other transit agencies throughout the country have made significant use of Section 5307 to fund preventive maintenance expenses in recent years. A small portion of the Section 5307 grants are applied to flexible capital needs and paratransit operating expenses.

State, Regional and Local Grants. AB 1107, passed in 1977, made permanent a previously temporary half-cent sales tax imposed to provide funding for BART. Pursuant to AB 1107, the half-cent sales tax is imposed within Alameda County, Contra Costa County and the City. MTC allocates proceeds of the sales tax to BART, AC Transit and the SFMTA. The allocation to the SFMTA is based on MTC estimates of AB 1107 sales tax receipts within the three counties.

Pursuant to the State Transportation Development Act of 1971 ("TDA"), a portion of certain sales taxes (1/4 of 1 percent of the total 8.5 percent Sales Tax imposed within the City) are allocated to provide funding for SFMTA operations. Sales tax revenues are apportioned to the City on the basis of the amount of sales tax revenues collected by the State Board of Equalization within the City (the "LTF Funds"). LTF Funds are apportioned, allocated and paid by designated regional transportation planning agencies to individual transportation service entities. MTC is the agency responsible for approving allocations of LTF Funds from the City's Transportation Fund.

There is a three-step process for obtaining LTF Funds: (1) apportionment, (2) allocation, and (3) payment. The designated regional transportation planning agencies determine each area's share of the anticipated LTF Funds annually. Generally, revenues from the county's LTF Funds must be apportioned, by population, to areas within the county. Once funds are apportioned to a given area, they are typically available only for allocation by the designated regional transportation planning agencies to claimants in that area for a specific purpose. The SFMTA receives LTF Funds by submitting an annual claim form and supporting documents to MTC. MTC may specify payment in a lump sum, in installments, or as funds become available. [The SFMTA has received an average of approximately $35.4 million in LTF funds each year since Fiscal Year 2009-10.] ***[Update]*** See "—Operating Revenues."

The SFMTA also receives grants made by the County Transportation Authority from proceeds of a half-cent sales tax imposed in the City pursuant to Proposition K, approved in the City in 2003 ("Proposition K"). The proceeds of the Proposition K sales tax are reserved primarily for funding capital projects [(the SFMTA expects to have received a total of approximately $261 million of such funds for capital projects during Fiscal Years 2012-13 through 2016-17),] but $9.6 million is allocated annually to support Muni's paratransit operations and Muni receives funds up to that amount to the extent it incurs expenses for such operations in a particular year. ***[Update]***

In addition, the SFMTA receives State Transit Assistance ("STA") funds from the State for operations associated with local mass transportation programs. These funds are derived from proceeds of a Statewide sales tax on diesel fuel. The amount of funds available Statewide through the STA program has varied significantly in recent years, from a record allocation of approximately $624 million in the State's 2006-07 fiscal year, some of which constituted repayment by the State General Fund of previous loans out of the account that funds the STA program, to $0 in the State's 2009-10 fiscal year, due to the suspension of the program in the State Legislature's fiscal year 2009-10 budget. Following the suspension of the STA program by the State Legislature, then Governor Schwarzenegger, in his fiscal year 2010-11 budget proposal, proposed eliminating the transit-related sources of funding altogether and instead dedicating those amounts to the State General Fund. The former Governor's proposal to eliminate transit-related STA funding was never enacted, however; and, in 2009, courts in the State held that certain portions of prior diversions of such funds to the State's General Fund for non-transportation and non-transit purposes exceeded the Legislature's authority following the enactment of Proposition 116 in June 1990.

Instead of eliminating the program or continuing diversions of these funds to other General Fund programs, the State Legislature, in its Eighth Extraordinary Session in 2010, passed Assembly Bill 6 ("AB 6") and Assembly Bill 9 ("AB 9"), which restructured and further protected sources of transit-related STA funds. Among other changes, these bills allocated approximately $400 million in funding to the STA program for the State's fiscal years 2009-10 and 2010-11, and AB 9 provided that approximately 75% of the proceeds of the State's sales tax on diesel fuel would be allocated to STA funding thereafter. AB 6 also increased the sales tax rate on diesel fuel as of July 1, 2011. The STA program is now funded by tax receipts from the Statewide sales tax applied to diesel fuel (at a rate of 7.50% as of July 1, 2014) and the additional sales tax imposed pursuant to AB 6 specifically for the STA and related transit programs (at a rate of approximately 1.75% as of July 1, 2014). Additionally, STA funding is no longer subject to direct annual appropriation by the State Legislature; rather, the appropriate revenues from the diesel fuel sales tax are directed automatically, pursuant to AB 9, to the STA program, which is in turn allocated automatically by the Controller each quarter to local transit agencies in the State. Additionally, Proposition 22, adopted by State voters in November 2010, contained provisions further limiting the State's authority to use STA program funds to pay debt service on transportation bonds and restricting the State's ability to borrow or otherwise divert funds from the STA program for other uses. [The State has estimated that the approximately 75% of total diesel fuel sales tax revenues affected by AB 9 and Proposition 22 will amount to between $370 million and $390 million in Statewide STA program funds annually over the next 3 years.] ***[Update]***

In March 2004, voters in the Bay Area region passed Regional Measure 2 (RM2), which raised the toll by $1.00 on seven State-owned toll bridges in the Bay Area. Proceeds of this additional toll fund are allocated to various transportation projects within the Bay Area that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in State Senate Bill 916, enacted in 2004 ("SB 916"). Specifically, RM2 establishes the Regional Traffic Relief Plan and identifies specific transit operating assistance and capital projects and programs eligible to receive RM2 funding, including operating assistance that the SFMTA receives annually for its Third Street Rail line operations and for the Owl Bus Service on the BART corridor.

Grants designated for specific operating purposes or for capital projects, such as local sales tax revenues received pursuant to Proposition K, STA restricted grants and RM2 grants, are not included in Pledged Revenues.

Other Operating Grants. This category includes: 1) BART reimbursement to the SFMTA for Paratransit services that the SFMTA provides in the BART corridor. As determined under the American with Disabilities Act ("ADA"), BART's reimbursement to the SFMTA is calculated at 7.9% of actual Paratransit contract expenditures less Paratransit fare revenues and State funding; and 2) Federal funds for Paratransit services under Federal Transit Act ("FTA") Section 5307.

TABLE 11

OPERATING GRANTS
(IN MILLIONS)
(FISCAL YEARS ENDING JUNE 30)

Operating Grants Category	2011	2012	2013	2014	2015
AB 1107	$ 30.1	$ 32.5	$ 34.8	$ 36.9	
State Transit Assistance (STA)[23]	36.4	31.0	46.6	39.1	
Transportation Development Act (TDA)	32.0	31.3	42.1	41.9	
MTC Bridge Tolls	2.7	2.7	2.7	2.7	
Gas Tax Adjustment/Revenue	3.2	3.0	3.1	3.6	
Restricted Paratransit Grants (5307, Prop K, STA, other)	10.0	14.8	14.8	15.1	
Total Operating Grants	$114.4	$115.3	$144.1	$139.3	

Source: SFMTA

Capital Grants and Other Restricted Grants. The SFMTA receives a variety of capital grants and other restricted grants. Capital grants are an essential source of funds for the maintenance and improvement of the Transportation System. See "—Capital Program—Current Projects—Central Subway Project" and "—Capital Program—Funding of Capital Improvements."

City General Obligation Bonds

On November 4, 2014, voters in the City approved Proposition A authorizing the City to issue up to $500 million in general obligation bonds the proceeds of which may be applied to finance projects that will (i) improve Muni service reliability and reduce travel time, including the SFMTA's Muni Forward program, (ii) improve street conditions for those with limited mobility or other disabilities, (iii) improve pedestrian safety, (iv) manage traffic congestion by updating traffic and pedestrian signals, (v) build streets, improve

[23] Annual amounts have varied as a result of legislative action. See "—Federal, State, Regional and Local Grants—State, Regional and Local Grants."

sidewalks at intersections and establish separated bikeways and bicycle parking, (vi) upgrade streets that anchor the transit system in order to ensure people can safely and efficiently move around the City, and (vii) fix or improve the condition of SFMTA facilities. Such general obligation bonds would be secured by ad valorem property taxes imposed by the City and would not be secured by Pledged Revenues. In the event that the City issues its general obligation bonds for such purposes, the Metropolitan Transportation Commission has pledged to provide support through their Core Capacity Challenge Grant program to help SFMTA obtain up to $467 million in competitive State funding from amounts related to the State's greenhouse gas cap and trade program. See "–Capital Program—Current Projects—Muni Forward."

City General Fund Transfers

Annual General Fund Transfer No. 1. In accordance with Section 8A.105(b) of the Charter, the SFMTA receives annual non-discretionary transfers ("General Fund Transfer No. 1") from the City's General Fund to the Municipal Transportation Fund according to a formula established when the SFMTA was created in 1999. The required "Base Amount" was determined by the Controller based on the amount of General Fund discretionary revenue appropriated to Muni and to other City departments that provided services to Muni in Fiscal Year 1999-2000 (the "Base Year"). When the former DPT was incorporated into the SFMTA as of July 1, 2002, the Base Amount was increased by the Controller to reflect the General Fund revenue that had been appropriated to the DPT, as well as other City departments which provided services to the DPT as of Fiscal Year 2001-02. The Base Amount was similarly adjusted to reflect incorporation into the SFMTA of responsibility for the work of the Parking Authority and the former Taxi Commission. The Base Amount is adjusted for each fiscal year by the Controller by the percentage increase or decrease in aggregate City discretionary revenues that can be appropriated by the Mayor and Board of Supervisors for any lawful purpose. As part of the City's existing budget process, the Controller may make further mid-year refinements to adjustments in the Base Amount by increasing or decreasing such adjustments to reflect updated budget projections and any additional information available to the Controller at such time. See "—Financial Operations—Budget Process." Adjustments are also made for any increases in General Fund appropriations to the SFMTA in subsequent years to provide ongoing services that were not provided in the Base Year.

On November 4, 2014, voters in the City approved Proposition B. Proposition B provides that, commencing in Fiscal Year 2015-16, the Controller shall further adjust the Base Amount annually by the percentage increase in the population of San Francisco as determined by data that the Controller, in his or her sole discretion, finds most reliable for the most recent available calendar year. Such increase shall be based on the greater of the increase in the daytime or nighttime population of the City; provided that, in any year in which the Controller determines that neither the daytime nor the nighttime population has increased, no adjustment shall be made. 75% of any increase as a result of the provisions of Proposition B shall be applied by the SFMTA to make transit system improvements to Muni and 25% shall be used for transportation capital expenditures to improve street safety for all users. Should voters in the City approve the imposition of a new vehicle license fee on vehicles registered in the City for the benefit of the City's general fund, the Mayor may permanently discontinue further population-based increases in the Base Amount.

Annual General Fund Transfer No. 2. The City imposes a tax on the occupancy of all commercial off-street parking spaces throughout the City. The overall tax rate is 25 percent of total parking charges. Pursuant to Section 8A.105(f) of the Charter, the SFMTA receives an additional guaranteed annual deposit into the Transportation Fund from the City's General Fund equivalent to 80 per cent of the revenues from the City's tax on the occupancy of commercial off-street parking spaces ("General Fund Transfer No. 2").

TABLE 12

GENERAL FUND TRANSFERS
(IN MILLIONS)
(FISCAL YEARS ENDING JUNE 30)

Transfers	2011	2012	2013	2014	2015
General Fund Transfer No. 1	$196.7	$212.6	$222.4	$243.9	
General Fund Transfer No. 2	58.2	61.3	65.3	66.8	

Source: SFMTA

Although the City transfers significant funds to the SFMTA annually pursuant to the Charter, such amounts are not Pledged Revenues and the Indenture provides that such funds are not to be applied to pay debt service on the Bonds but must instead be expended on operation and maintenance expenses and for other SFMTA purposes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge of Pledged Revenues Under the Indenture."

Appropriated Prior Year Fund Balance

This category accounts for revenue derived from funds available at the end of prior Fiscal Years. Historically the SFMTA has used unspent funds remaining from prior appropriations to roll over into subsequent years for use.

Contingency Reserve Policy

In 2007, the Board approved a Contingency Reserve Policy, which directed the establishment of an operating reserve with the goal of setting aside a total of 10% of operating expenditures over a ten-year period by adding 1% to the reserve in each Fiscal Year. Based on Fiscal Year 2014-15, the current target amount is $____ million. The funds in the reserve are to be used to cover risks or losses related to torts, destruction of assets, natural disasters and other one-time emergencies. Amounts in the reserve are not pledged to secure payment of the Bonds. Each year, during its annual budget process, the Board reviews the adequacy of the reserves. [As of June 30, 2013, the

SFMTA held $89.2 million on deposit in the contingency reserve fund. Sufficient revenues were available in Fiscal Year 2013-14 for SFMTA to increase the contingency reserve fund balance. The SFMTA had a contingency reserve fund balance of approximately $138.7 million at the end of Fiscal Year 2013-14, which met the Board required target.] ***[Update]***

Operating and Maintenance Expenses

General. The SFMTA's operating and maintenance expenses are comprised of: personnel expenses (salaries and fringe benefits), contracted services, financial contributions to the PCJPB to subsidize the operation of CalTrain commuter rail service between the City and San Jose, materials and supplies, equipment and maintenance expenses, insurance and claims costs, and the cost of services provided by other City Departments. Any repair or maintenance activity that does not extend the useful life and/or expand the productive capacity of a capital asset is accounted for as an operating expense, and is included in the Operating and Maintenance Expenses described herein. See "– Capital Program" for a description of the SFMTA's capital plan and major capital projects. A summary of the SFMTA's historical operating and maintenance expenses is presented in Table 6. Between Fiscal Year 2010-11 and Fiscal Year 2014-15, the SFMTA's total operating and maintenance expenses increased by $[201.3] million or [28.6] percent, from approximately $[704.8] million to approximately $[906.1] million. Such increase was due primarily to increased salaries, pension and medical costs, material and supplies, and judgments and claims.

Wages, Salaries and Benefits. A significant portion of the SFMTA's operating costs consist of wages and salaries for employees. See "—Labor Relations." Salaries have remained relatively flat in recent years, although the cost of benefits has increased. SFMTA employees, as part of the City workforce, are eligible for benefits negotiated by the City and therefore subject to increases or decreases negotiated by the City or approved by voters.

TABLE 13

HISTORICAL PERSONNEL COSTS
(IN THOUSANDS)
(FISCAL YEARS ENDING JUNE 30)

Fiscal Year	Total Operating Expense Before Transfers (In Thousands)	Number of Employees(2)	Total Personnel Costs[24] (in Thousands)	Percentage Change in Operating Expenses	Percentage Change in Personnel Costs (Salaries & Fringes)
2015	$		%	%	%
2014	851,379	4,852	575,652	8.51	5.09
2013	784,640	4,846	547,795	2.23	0.63
2012	767,548	4,853	544,345	8.90	6.26
2011	704,840	4,852	512,264	N/A	N/A

Source: SFMTA

Recent ballot measures passed by the voters have also provided some opportunities for controlling personnel costs for both the City and the SFMTA, including Proposition B, passed in 2008 ("Proposition B"), Proposition D, passed in June 2010 ("Proposition D"), Proposition G, passed in November 2010 ("Proposition G"), and Proposition C, passed in November 2011 ("Proposition C"). Proposition B reduces health benefits and requires employer and employee prefunding contributions for new hires to a health care trust fund (the "RHCTF") established to pay for future costs relating to retiree health care; however, it also increases maximum pension benefits for employees retiring at and after age 60 and enhances cost of living increases. More than 10% of the City's payroll is now covered by this lower cost RHCTF alternative. Proposition A, a Charter amendment approved by the voters in November 2013, prohibits withdrawals from the City's sub-trust account within the RHCTF, which covers SFMTA employees, except during such times as the City's actuary has determined that amounts held in such sub-trust exceed the City's actuarial accrued liability and for certain other purposes including permitted cost-smoothing and payment of certain administrative expenses.

Proposition D increases the required pension system contributions for certain employees, directs excess City pension contributions resulting from significant investment earnings in any year to a health care trust fund for employees and changed the method for calculating an employee's final compensation for purposes of determining pension benefits. Proposition G eliminates the floor for transit operator wages which had previously been established by City voters at the average of the two highest wage scales in effect in comparable jurisdictions. Proposition C is expected to reduce future pension and health care costs by (i) increasing certain employees contributions to the pension system in years when the City's contribution to the pension system exceeds 12% of

[24] Includes gross salaries and fringe benefits.

covered payroll, (ii) requiring elected officials to contribute at the same rate as City employees, (iii) increasing the retirement age and length of service requirements for employees hired after January 7, 2012 and (iv) requiring elected officials and employees, starting on or before January 1, 2009, to contribute up to 1% of their compensation toward their retiree health care, with a matching contribution by the City. Employee pension contribution rates will decrease, though, under Proposition C during any years in which the City's pension contributions represent less than 11% of covered payroll.

As an enterprise department of the City, the SFMTA is excluded from the provisions of California Public Employees' Pension Reform Act of 2013 ("PEPRA"). As of January 1, 2013, PEPRA applies to all state and local public retirement systems and their participating employers, except for those charter cities and counties whose retirement systems are not governed by State statute. The only county or city and county not subject to PEPRA is the City.

Charter Amendment Affecting Transit Operator Wages and Benefits. In November 2010, the voters of San Francisco adopted Proposition G, a Charter Amendment that changed how the SFMTA and its transit operators (i.e., the employees who operate the SFMTA's motor buses, trolley buses, light rail and street rail vehicles and cable cars) negotiate wages and benefits. Prior to the adoption of Proposition G, the Charter required that transit operators receive an hourly pay rate no lower than the average of the two highest paid comparable transit agencies in the United States. Proposition G eliminated references to wages and subjects transit operator collective bargaining to the same impasse resolution procedure – binding arbitration – applicable to most other City employees.

Fuel, Lubricants and Electricity Costs. The two primary sources of energy for Muni's operations are diesel fuel (containing 5% to 20% biodiesel) and electricity. Approximately 65% of Muni's buses operate on diesel, while the remaining 35% of Muni's buses are electric. All of Muni's light rail vehicles and cable cars operate on electricity. See "—Transit—Transit Operations." The table below sets forth the SFMTA's expenses for fuels and lubricants, primarily comprised of expenses relating to the purchase of diesel fuel, and its expenses for electricity over the most recent five Fiscal Years.

TABLE 14

FUEL, LUBRICANTS AND ELECTRICITY COSTS
(IN MILLIONS)
(FISCAL YEARS ENDING JUNE 30)

Energy Source	2011	2012	2013	2014	2015
Fuels & Lubricants[25]	$16.1	$19.5	$19.5	$19.2	
Electricity[26]	4.7	4.7	5.1	5.7	

Source: SFMTA

During Fiscal Years 2010-11 through 2014-15, the SFMTA purchased all of its electricity from the SFPUC. Power sold by the SFPUC consists primarily of hydroelectric power generated by dams the SFPUC operates (including O'Shaughnessy Dam) as part of its Hetch Hetchy Project, supplemented by certain solar and other generation resources, owned by the SFPUC, and purchased power. Power purchased by the SFMTA, is delivered through a municipal distribution system within the City owned and operated by Pacific Gas & Electric Company.

The SFPUC prices power supplied to the SFMTA and certain other departments of the City at a rate that is lower than the SFPUC's average cost and significantly lower than prevailing PG&E commercial power rates in the Bay Area. As of June 1, 2015, the SFMTA paid approximately $_____/kWh for power purchased from the SFPUC as compared to PG&E's rate of $_____/kWh. In 2012, the SFPUC notified the SFMTA that it will increase the electricity rates it charges its municipal customers, including the SFMTA, by $0.005/kWh each year for four years. Such increases are effective June 1 of each year, and the first rate increase became effective June 1, 2012.

The SFMTA purchases fuel through a City-wide contract administered by the Office of Contract Administration ("OCA"). The OCA awarded this contract to several vendors at rates based on the diesel wholesale rack rates published by Oil Pricing Information Service rates (the "OPIS Rate"). The OPIS Rate represents an average daily price for ultra-low sulfur distillate diesel fuel based on wholesale terminal price data gathered from numerous sources, and thus fluctuates with the market but generally remains below retail rates.

Peninsula Corridor Joint Power Board. The City is a participant in the PCJPB, along with Santa Clara Valley Transportation Authority and SamTrans. The PCJPB is governed by a separate board composed of nine members, three from each participant. The PCJPB was formed in October 1991 to plan, administer, and operate the Peninsula CalTrain rail service. The PCJPB began operating the Peninsula CalTrain rail service on July 1, 1992. Prior to that time, such rail service was operated by the California

[25] Includes purchases of natural gas. In Fiscal Year 2013-14, such purchases amounted to approximately $245,000.
[26] Electricity purchased from SFPUC is included in the "Service of Other City Departments" line item in the SFMTA's historical operating results.

Department of Transportation. The agreement establishing the PCJPB expired in 2001, since which it has continued on a year-to-year basis. Withdrawal by any participant would require one year notice. The SFMTA contributes to the net operating costs and administrative expenses of the PCJPB. The SFMTA contributed $___ million for operating needs in Fiscal Year 2014-15, $4.5 million for operating needs in Fiscal Year 2013-14 and $7.6 million for operating needs in Fiscal Year 2012-13. The PCJPB's annual financial statements are publicly available, however, they are not incorporated by reference into this Official Statement.

Payment for Services of Other City Departments. City Departments contract with one another for services in much the same way that City Departments contract with private vendors. The SFMTA reimburses the City for services provided to the SFMTA by other City Departments, which include, but are not limited to, the provision of electric power by the SFPUC, police services, legal services provided by the City Attorney, telecommunications and information technology services provided by the Department of Technology and various services provided by the City's General Services Agency. The cost to the SFMTA of work orders have increased from approximately $___ million in Fiscal Year 2010-11 to $___ million in Fiscal Year 2014-15. These payments include non-service items such as utilities and technology.

All Other Materials, Supplies and Professional Services. In the normal course of its operations, the SFMTA purchases a variety of supplies other than fuel and lubricants and services other than paratransit services and services of other City departments. Such purchases include office supplies, maintenance supplies and services, auditing services, financial services and waste collection.

Fiscal Year 2016-2017 and Fiscal Year 2017-2018 Budget

On April 15, 2014, the Board approved its Fiscal Year 2014-15 and Fiscal Year 2015-16 Budget and submitted it to the Mayor and Board of Supervisors prior to May 1, 2014 as required by the City Charter. See "—Financial Operations—Budget Process." The SFMTA's original Fiscal Year 2014-15 and Fiscal Year 2015-16 Operating Budget was approved in the amounts of $943.2 million and $962.6 million, respectively; and simultaneously the SFMTA's original Fiscal Year 2014-15 and Fiscal Year 2015-16 Capital Budget, in the amounts of $562.9 million and $669.0 million, respectively, were approved. On July 29, 2014 revisions to these budgets were approved to reflect certain technical changes. The revised Fiscal Year 2014-15 and Fiscal Year 2015-16 Operating Budget is $945.2 million and $963.2 million, respectively, and the revised Fiscal Year 2014-15 and Fiscal Year 2015-16 Capital Budget is $579.5 million and $666.6 million, respectively.

The SFMTA is in the process of finalizing the Fiscal Year 2016-2017 and Fiscal Year 2017-2018 operating and capital budget. The operating budget will continue to support affordability goals including free Muni fares for low and moderate income youth, senior citizens over age 65 and persons with disabilities. The Capital Budget will continue to focus on state of good repair and completion of Central Subway. The final budget will be before the SFMTA Board for approval by April 30, 2016 and will be submitted to the Mayor and the Board of Supervisors by May 1, 2016.

The SFMTA ended its 2014-15 Fiscal Year with a [net operating surplus of approximately $____ million, resulting in a projected year-end fund balance of approximately $____ million]. The projected revenue surplus is due to increases across all revenue areas, particularly operating grants from the State based on gas and sales taxes.

Labor Relations

Employee Relations. ***[Update]*** As of [September 8, 2014], the SFMTA employed [5,184] Full-Time Equivalent employees. [5,184] of these employees are represented by one of 19 employee bargaining units. The SFMTA is authorized by the Charter to negotiate directly with employee bargaining units for positions the SFMTA designates as "Service Critical." The Charter prohibits SFMTA and other City employees from striking. See "CERTAIN RISK FACTORS—Labor Actions."

As described in the Charter, "service critical" functions are: (1) operating a transit vehicle, whether or not in revenue service; (2) controlling dispatch of, or movement of, or access to, a transit vehicle; (3) maintaining a transit vehicle or equipment used in transit service, including both preventative maintenance and overhaul of equipment and systems, including system-related infrastructure; (4) regularly providing information services to the public or handling complaints; and (5) supervising or managing employees performing functions enumerated above. The following table summarizes the number of employees covered by the Service Critical collective bargaining agreements and the expiration date of such agreements as of [September 8, 2014].

TABLE 15

SUMMARY OF SFMTA SERVICE CRITICAL LABOR AGREEMENTS

Employee Bargaining Unit	Full-Time Equivalent Employment[27]	Agreement Expiration Date[28]
International Association of Machinists, Local 1414,	236	June 30, 2017
International Brotherhood of Electrical Workers, Local 6	449	June 30, 2017
Transport Workers Union, Local 200	262	June 30, 2016
Transport Workers Union, Local 250-A, Automotive Service Workers	74	[June 30, 2015]
Transport Workers Union, Local 250-A, Transit Fare Inspectors	53	June 30, 2017
Transport Workers Union, Local 250-A, Transit Operators	2,202	June 30, 2017
Service Employees International Union, Local 1021,	594	June 30, 2017
MEA, Municipal Executives Association	109	June 30, 2017
Total Critical Service Employee Count	3,979	

Source: SFMTA

[27] As of [September 8, 2014]. Actual full-time equivalent employment totals will differ from the number of positions budgeted by the SFMTA for a variety of reasons, including certain requirements in the respective collective bargaining agreements.

[28] As of [September 8, 2014].

The following table summarizes the number of City employees allocated to the SFMTA under the City's collective bargaining agreements and the expiration date of such collective bargaining agreements as of [September 8, 2014]. ***[Update]***

TABLE 16

SUMMARY OF FULL-TIME EQUIVALENT CITY EMPLOYEES ASSIGNED TO THE SFMTA

Employee Bargaining Unit	Full-Time Equivalent Employment[29]	Agreement Expiration Date[30]
Carpenters, Local 22	13	June 30, 2017
Glaziers, Local 718	3	June 30, 2017
International Federation of Professional And Technical Engineers, Local 21	505	June 30, 2017
Laborers, Local 261	67	June 30, 2017
Operating Engineers, Local 3	3	June 30, 2017
Painters, Local 1176	44	June 30, 2017
Plumbers, Local 38	2	June 30, 2017
Service Employees International Union, Local 1021,	470	June 30, 2017
Sheet Metal Workers, Local 104	2	June 30, 2017
Stationary Engineers, Local 39	34	June 30, 2017
Teamsters, Local 853	10	June 30, 2017
Teamsters, Local 856	19	June 30, 2017
Unrepresented Employees (Misc)	23	N/A
Total Employee Count	1,195	

Source: SFMTA

Employee Benefit Plans. The SFMTA employees are covered by benefit plans offered through the City. See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations." SFMTA's obligations with respect to the costs of such plans generally reflect the aggregate Pensionable Salary (as such term is defined in Appendix B) of SFMTA employees as a percentage of the aggregate Pensionable Salary of all plan beneficiaries.

Retirement System Plan Description. The SFMTA participates in the City's single-employer defined benefit retirement plan (the "Plan"), which is administered by the San Francisco City and County Employees' Retirement System (the "Retirement System"). The Plan covers substantially all full-time employees of the SFMTA along with all other employees of the City. The Plan provides basic service retirement, disability and death

[29] As of [September 8, 2014]. Actual full-time equivalent employment totals will differ from the number of positions budgeted by the SFMTA for a variety of reasons, including certain requirements in the respective collective bargaining agreements.
[30] As of [September 8, 2014].

benefits based on specific percentages of final average salary and also provides cost of living adjustments after retirement. The Plan also provides pension continuation benefits for qualified survivors. The Charter and the Administrative Code of the City are the authority that established and amended the benefit provisions and employer obligations of the Plan. See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations—San Francisco Employees' Retirement System." The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the San Francisco City and County Employees' Retirement System, 1145 Market Street, 5th Floor, San Francisco, CA, 94103, or by calling (415) 487-7020. Such report is not incorporated herein by reference.

Retirement System Funding Policy. Contributions are made to the plan by both the SFMTA and its participating employees. Employee contributions are mandatory with the exception of transit operators, for whom the SFMTA pays all or part of the employee contribution portion. Employee contribution rates for Fiscal Year 2014-15 varied from 7.5% to 13.0% as a percentage of Pensionable Salary. For Fiscal Year 2013-14 the actuarially determined rate as a percentage of Pensionable Salary is 24.82% and for Fiscal Year 2014-15, the actuarially determined rate as a percentage of Pensionable Salary was 26.76%. The SFMTA's required contribution was approximately $41.7 million in Fiscal Year 2010-11, $56.4 million in Fiscal Year 2011-12, $58.8 million in Fiscal Year 2012-13, $71.8 million in Fiscal Year 2013-14, and $___ million in Fiscal Year 2014-15. SFMTA's budgeted contribution in Fiscal Year 2015-16 is $____ million. For more information about the plan, including certain unfunded liabilities, see Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations—San Francisco Employees' Retirement System."

Health Care Benefits. Health care benefits for the employees of the SFMTA, retired employees and their surviving spouses are financed by beneficiaries and by the City through the City and County of San Francisco Health Services System (the "Health Service System"). See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations—Medical Benefits." The SFMTA's annual contribution, which amounted to $87.5 million in Fiscal Year 2013-14 and $89.7 million in Fiscal Year 2014-15, is determined by a Charter provision based on similar contributions made by the ten most populous counties in the State.

Included in these amounts are $27.1 million and $25.6 million for Fiscal Year 2013-14 and Fiscal Year 2014-15 to provide post-retirement benefits for retired employees on a pay-as-you-go basis. SFMTA pays into the Health Service System exclusively for SFMTA employees and the City does not allocate additional costs to the SFMTA for City employees.

The City has determined a City-wide Annual Required Contribution ("ARC"), interest on net Other Post-Employment Benefits ("OPEB") obligation, ARC adjustment and OPEB cost based on an actuarial valuation performed in accordance with GASB 45, by the City's actuaries. The City's allocation of OPEB costs to the SFMTA for the year ended June 30, 2015 based on a percentage of Citywide Pensionable Salary is presented below. See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations." The following table shows the components of the City's annual OPEB allocations for the SFMTA for the Fiscal Years ended June 30, 2011 through June 30, 2015, the amounts contributed to the plan and changes in the net OPEB obligations.

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TABLE 17

SFMTA OPEB ALLOCATIONS AND CONTRIBUTIONS (IN THOUSANDS) (FISCAL YEARS ENDING JUNE 30)

Category	2011[31]	2012[32]	2013[33]	2014[34]	2015[35]
Annual Required Contribution	$50,338	$51,232	$52,025	$44,080	$46,893
Interest on net OPEB Obligation	4,747	6,017	7,297	9,225	10,672
Adjustment to ARC	(3,721)	(4,987)	(6,050)	(7,691)	(8,898)
Annual Net OPEB Cost	51,364	52,262	53,272	45,614	48,667
Contribution Made	(24,898)	(25,352)	(25,984)	(27,066)	(27,575)
Increase in net OPEB Obligation	26,466	26,910	27,288	18,548	21,092
Net OPEB Obligation at beginning of Fiscal Year	99,993	126,459	153,369	180,657	199,205
Net OPEB Obligation at end of Fiscal Year	126,459	153,369	180,657	199,205	220,297

Source: SFMTA and City CAFR, calculated in accordance with GAAP

[31] In Fiscal Year 2010-11, the City had 27,993 funded positions and the SFMTA had 4,610 funded positions for both operations and capital project support. See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations." The total number of active employees during any Fiscal Year may vary from the number of authorized funded positions.

[32] In Fiscal Year 2011-12, the City had 28,074 funded positions and the SFMTA had 4,514 funded positions for both operations and capital project support. See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations." The total number of active employees during any Fiscal Year may vary from the number of authorized funded positions.

[33] In Fiscal Year 2012-13, the City had 28,386 funded positions and the SFMTA had 4,751 funded positions for both operations and capital project support. See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations." The total number of active employees during any Fiscal Year may vary from the number of authorized funded positions.

[34] In Fiscal Year 2013-14, the City had 29,238 funded positions and the SFMTA had 4,852 funded positions for both operations and capital project support. See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations." The total number of active employees during any Fiscal Year may vary from the number of authorized funded positions.

[35] In Fiscal Year 2014-15, the City had 30,156 funded positions and the SFMTA had 5,056 funded positions for both operations and capital project support. See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—Employment Costs; Post-Retirement Obligations." The total number of active employees during any Fiscal Year may vary from the number of authorized funded positions.

Capital Program

Capital Planning Process. As part of its capital planning process, the SFMTA develops several different planning documents that cover different time periods and use different assumptions regarding funding. Each such document is updated and adopted by the Board on a biannual basis. The SFMTA's 5-year Capital Improvement Plan ("CIP") presents prioritized capital needs that are constrained by projected capital funds. The SFMTA also develops 20-year and 10-year Capital Plans that represent the prioritized list of "unconstrained needs," i.e., that represents projected capital needs over the time period without regard to how much capital funding or other resources might be available to meet those needs. Finally, the SFMTA develops a 2-year Capital Budget, which is constrained by "known and available funding at the time." The CIP represents expected investment in the system, which includes amounts above what is reflected in appropriated budgets. The 2-year Capital Budget determines the SFMTA's expenditure appropriation authority.

Every two years, a 2-year Capital Budget consistent with the CIP is approved by the Board. The 2-year Capital Budget authorizes planned expenditures for projects to rehabilitate, replace, enhance or expand SFMTA capital assets during the next two Fiscal Years, and covers all the SFMTA modes, including public transit, paratransit/taxis, streets, bicycles and pedestrian projects, as well as all phases of capital project development, including planning, design, construction and procurement efforts for fleet, facilities, infrastructure and equipment. The objectives of the SFMTA's capital planning process are to develop a detailed program of projects for the 2-year Capital Budget that is realistic and achievable, to fund project phases completely so that projects remain within scope and on schedule, and to prevent funding accessibility from being a barrier to project delivery. See "—Funding of Capital Improvements."

Five-Year CIP. The five-year CIP includes those capital projects that can reasonably be assumed to be funded and worked on in the next five years and identifies the funding that the SFMTA expects to receive within the five year timeframe. While not a guarantee of funding, the five-year CIP conveys specific commitments from various funding agencies to support the SFMTA's highest priority capital improvements. [The most recently approved Five-Year CIP, covering the period from Fiscal Year 2014-15 to Fiscal Year 2018-19, was adopted by the Board on May 20, 2014.] The two-year capital budget described above further refines the five-year CIP to account for the timing of budget allocations, individual capital grants and the availability of capital project implementation resources. It is presented to the Board for approval on a two-year cycle, concurrent with the SFMTA's operating budget. ***[To be updated for issuance.]***

[Capital resources in place as of March 2014 totaled approximately $768 million, with approximately $564 million of that amount invested in projects currently underway and approximately $204 million to be invested in new projects. The SFMTA projects a total investment in capital projects of approximately $3.3 billion, including the $204 million of funds already in place, for the five-year CIP beginning in Fiscal Year 2014-15. Of that amount, approximately $793 million is expected to be expended on the Central Subway Project (as defined below), approximately $160 million on Light Rail Vehicle Acquisition, approximately $790 million on other transit expansion/enhancement projects and approximately $1.6 billion on State of Good Repair projects. See "—Current Projects—Central Subway," "—Light Rail Vehicle Acquisition" and "—State of Good Repair Analysis." The current revenue projection for the five-year CIP includes current and anticipated competitive grants, federal formula funds, local sales taxes and debt. The funding estimates represent the SFMTA's best current assessment of available capital resources.] ***[To be updated for issuance.]***

TABLE 18

ESTIMATED SFMTA 5-YEAR CAPITAL FUNDING BY FUNDING SOURCE (FOR THE FISCAL YEARS 2014-15 THROUGH 2018-19) (IN MILLIONS) *[Update as available]*

Source	Projected Funding Amount
Federal Funding Sources	
FTA Section 5307, Urbanized Area Formula Program	$266
FTA Section 5309, Fixed Guideway Modernization Program	366
FTA Section 5309 New Starts Program[36]	683
Other Federal Funds[37]	96
State Funding Sources	
State Infrastructure Bond Funds (Proposition 1A and Proposition 1B)	86
Other State Grant Funds	92
Local Funding Sources	
Proposition K Sales Tax Proceeds	481
AB 664-Bridge Tolls	15
Other MTC Funding	26
Developer Impact Fees/Contributions	120
Transfer from Operating Revenues	57
General Fund Transfer	154
Prop AA Vehicle Registration Fee	12
Other Local Capital Funds	86
Funds On Hand	204
Debt Financing Proceeds	
SFMTA Debt	180
2011 San Francisco Streets Bonds[38]	15
San Francisco General Obligation Bond[39]	367

Source: SFMTA CIP, adopted May 20, 2014.

[36] Annual grant reimbursements are expected to be capped at $150 million per year from Fiscal Year 2012-13 through Fiscal Year 2015-16.

[37] Includes FTA Section 5309 Bus/Alternative Fuels, Section 5303 Planning, Congestion Mitigation and Air Quality Improvement Program, Federal Transportation Enhancement Activities, Federal Transit Administration Small Starts/Very Small Starts programs, State of Good Repair Grant Program.

[38] $248 million Street Repair Bond was approved in November 2011 and included $20 million in Transit Street Signal Infrastructure and an estimated $10 million for bicycle and pedestrian projects. In late 2012, total funding from the Street Repair Bond was increased to $38 million and a technical adjustment was made by the Director of Transportation to the five-year CIP to reflect such funding amounts.

[39] On November 4, 2014, voters in the City approved Proposition A authorizing the City to issue up to $500 million in general obligation bonds the proceeds of which may be applied to finance transportation-related projects. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—City General Obligation Bonds."

To ensure that projects expected to be funded through the CIP and Capital Budget proceed, the SFMTA has implemented capital plan and program policies which include cost controls designed to facilitate the completion of projects on schedule and on budget. All projects over a five-year CIP period are funded to phase and only if 90% of the funding for the proposed scope of work is identified. The SFMTA is also building a capital fund reserve through the CIP process in order to mitigate any unanticipated cost increases during the course of project delivery. In addition, a Transportation Capital Committee, comprised of members form the SFMTA's different divisions, provides project oversight and controls on project scope, schedules and budgets.

On September 10, 2013, the SFMTA also obtained an irrevocable, direct pay letter of credit issued by State Street that will support the SFMTA's issuance of up to $100 million of subordinate CP Notes, the proceeds of which are expected to be used to pay for costs of projects pending the receipt of grant proceeds and/or finance state of good repair projects. As of ______, [no / $______ in] CP Notes were outstanding. See "—Capital Program—Current Projects—Central Subway Project" and "—Commercial Paper Program." For a list of the types of state of good repair projects the SFMTA may potentially undertake and finance, in part, from proceeds of additional Bonds and the CP Notes, see "—State of Good Repair Analysis."

Fiscal Year 2014-15 to Fiscal Year 2015-16 Capital Improvement Budget; 2-Year Projected Capital Improvement Investments. [To be updated] In April 2014, the Board adopted the 2-year Capital Budget, covering the period from Fiscal Year 2014-15 to Fiscal Year 2015-16. This budget was subsequently updated in July 2014. The Updated Fiscal Year 2014-15 to Fiscal Year 2015-16 Capital Budget included $579.5 million for Fiscal Year 2014-15 and $666.6 million for Fiscal Year 2015-16. Based on the 5-year CIP adopted in May 2014, the 2-year Capital Budget adopted in April 2014, and expenditures authorized in prior 2-year Capital Budgets but not yet completed, the SFMTA projects total investment in capital projects for Fiscal Years 2014-15 and 2015-16, classified as either State of Good Repair projects or Enhancement/Expansion projects, as follows:

TABLE 19

PROJECTED 2-YEAR CAPITAL IMPROVEMENT INVESTMENTS
FISCAL YEAR 2014-15 TO FISCAL YEAR 2015-16
(IN MILLIONS)
(FISCAL YEARS ENDING JUNE 30)

Investments	**2015**	**2016**
State of Good Repair Projects	$412.9	$456.3
Enhancement/Expansion Projects	465.4	348.8
Total	$878.4	$805.1

Source: SFMTA.

State of Good Repair Analysis. [To be updated for issuance.] In accordance with Federal Transit Administration guidance, a "State of Good Repair" analysis evaluates the level of investment required to maintain a transit system in a state of good repair. Begun in 2006 as part of a regional effort, the SFMTA completed the first phase of an analysis of its State of Good Repair needs in August 2010 and produced its State of Good Repair Report (the "SOGR Report"). The SOGR Report was the SFMTA's first comprehensive inventory of its capital assets, and included revenue and non-revenue vehicles, infrastructure such as track, overhead electrical wires and signals, communications and fare collection systems, and operating facilities (e.g., maintenance yards) and passenger facilities (e.g., rail stations). From this inventory, the SFMTA has analyzed asset lifecycles and costs, and has produced a preliminary assessment of its state of good repair needs. The data contained in this report were subsequently updated in 2014 for a briefing to the FTA. [The SFMTA's current asset replacement value is approximately $13.3 billion (in 2014 dollars). The table below summarizes the breakdown of the SFMTA's current asset replacement costs by asset category, as updated.]

TABLE 20

$13.4 BILLION TOTAL CAPITAL ASSET REPLACEMENT VALUE BY ASSET CATEGORY

Asset Category	Percentage
Stations	24%
Overhead Wires	19%
Facilities	13%
Parking and Traffic	11%
Track	8%
Light Rail Vehicles	7%
Train Control and Communications	6%
Other Systems and Vehicles	5%
Motor Coach Vehicles	4%
Trolley Coach Vehicles	4%

Source: SFMTA

The SFMTA has developed a strategic approach to asset management with the goal to prioritize replacement of mission critical assets with a commitment that there should not be an impact to service delivery. The SOGR Report was based on a calculated asset replacement or scheduled replacement date, which is the date that the asset should be replaced based on its estimated useful accounting life. However, not all assets are equal; some assets degrade based on operational uses sooner than the end of their useful lives, and other assets are able to continue to provide service well beyond the end of their estimated useful lives.

The SOGR analyst indicated in the update a backlog of asset replacement of approximately $2.5 billion as of June 2014 based on accounting asset life. Eliminating the backlog over twenty years was calculated to cost approximately $574 million annually.

Maintaining the backlog at the level exiting as of August 2010 would require annual capital expenditures of approximately $450 million per year, according to the report. It is projected that the SFMTA will be able to invest approximately $250 million toward SOGR Report projects annually, which would result in a total backlog of non-service critical assets of approximately $4.5 billion at the end of 20 years.

The SOGR Report analysis includes the needs created by expansion projects, such as the Central Subway Project, once the asset has reached its scheduled replacement date. Since the Central Subway (as defined below) is not expected to enter revenue service until the end of 2018, the end of the eighth year of the 20-year outlook, very few of the Central Subway assets will have exhausted their accounting life.

During Fiscal Years 2010-11 through 2014-15, the SFMTA expended an average of $___ million per year on capital projects, not including the large capital enhancement projects such as the Central Subway.

TABLE 21

20 YEAR ESTIMATE OF CAPITAL EXPENDITURES NECESSARY TO MAINTAIN AN IDEAL STATE OF GOOD REPAIR BY ASSET CATEGORY (IN MILLIONS)

Asset	Amount Needed	Percentage
Overhead Lines	$1,866	18%
Stations	1,174	12
Parking and Traffic	1,162	11
Motor Coach Vehicles	1,147	11
Facilities	994	10
Light Rail Vehicles	987	10
Other Systems & Vehicles	814	8
Train Control & Communications	786	8
Trolley Coach Vehicles	636	6
Track	594	6

Source: SFMTA, 2010 State of Good Repair Report (August 2010)

The SFMTA is pursuing numerous options to address state of good repair needs, including implementing best practices and new revenue sources. To the extent that the SFMTA is unable to effect asset replacement in a manner consistent with the strategic approaches described above, it is likely that more of the SFMTA's asset base will age beyond its design life. As with all transit systems, this could impair the SFMTA's ability to operate and maintain some portion of its vehicle fleets, infrastructure and facilities, possibly resulting in limitations on the SFMTA's ability to deliver service, an increase in the SFMTA's operating and maintenance expenses, and/or a reduction in the SFMTA's operating revenues below the levels that otherwise would have been realized. See "CERTAIN RISK FACTORS—Physical Condition of the SFMTA Assets."

Current Projects

Central Subway Project. The Central Subway project (the "Central Subway Project") is an extension and second phase of the Third Street light rail transit ("LRT") line from its current terminus at Fourth and King Streets. From a portal south of Market Street, the alignment will descend below grade into a twin bore subway northward under the City's downtown beneath Fourth Street and Stockton Street into Chinatown near the City's theater, hotel and central business district; one surface station and three underground stations are being constructed (collectively, the "Central Subway"). Four light rail vehicles are being purchased as part of a larger SFMTA light rail vehicle procurement to augment the existing light rail fleet. When completed, the combined Third Street LRT and Central Subway will provide a continuous, seven-mile route connecting the south-eastern portion of the City with Chinatown in the north.

The Central Subway twin bore tunnels have been constructed using two tunnel boring machines, a technology used for large sewer systems, water transport and transit subway infrastructure.

In collaboration with the Federal Transit Administration's formal Risk Management Program, the SFMTA continues to carry out the extensive risk management process, initiated in 2008, to proactively manage and mitigate risks to the Central Subway Project scope, schedule and budget. See "—Certain Central Subway Project Risks and Risk Management" and "CERTAIN RISK FACTORS."

The estimated cost to complete the Central Subway Project has remained at $1.578 billion in year of expenditure dollars for the previous 29 months. All of the Central Subway Project funding sources are committed as set forth in Table 22. If the costs of the Central Subway Project ultimately exceed $1.578 billion, or available funds are expended more quickly than currently projected, or if committed funds are not received on a timely basis, the SFMTA will require additional funds to complete the Central Subway Project. See "—Additional Regional and Local Support" and "—Additional Financing."

TABLE 22

CENTRAL SUBWAY PROJECT: COMMITTED PRINCIPAL FUNDING SOURCES (IN MILLIONS)

Source	Projected Funding Amount
FTA Section 5309 New Starts Program	$ 942.2
Federal - Congestion Mitigation and Air Quality Program	41.0
State RTIP Grant (State-STP)[40]	88.0
State TCRP Grant[41]	14.0
State - Proposition 1B, PTMISEA[42]	307.8
State – Proposition 1A, High-Speed Rail Funds	61.3
San Francisco - Proposition K Sales Tax	124.0
Total:	$1,578.3

Source: SFMTA

Federal Funding. The largest committed funding source for the Central Subway Project is the Federal Transit Administration's Section 5309 New Starts Program (the "New Starts Program"). The New Starts Program is the largest federal program dedicated to public transit infrastructure investment based on matching funds from local project sponsors. Projects that qualify for funding follow the New Starts assessment process that results in rating candidate New Starts and Small Starts applicants: The ratings range from High, Medium-High, Medium, Medium-Low, to Low. Only projects rated Medium or higher may advance through the New Starts and Small Starts project development process. Projects that continue to be rated Medium or higher annually during their development will be eligible for consideration for multi-year funding recommendations embodied in a Full Funding Grant Agreement ("FFGA") in the President's budget. FFGAs are preceded by an extensive series of reviews and audits of the proposed project scope, cost estimate, and budget to confirm that the estimates and plans are reliable and based on industry standards, as well as to verify local funding commitments. From the time the Central Subway Project completed Preliminary Engineering, the Central Subway Project has received a "Medium-High" project rating from the Federal Transit Administration, a "Medium-High" rating for project justification, and a "Medium" rating for "local financial commitment."

With approval of the Central Subway Final Supplemental Environmental Impact Statement in September 2008, the Federal Transit Administration issued the Record of Decision in November 2008, and approved commencement of final design in January 2010. The Central Subway Project is now fully in the construction phase. In April 2011, the SFMTA Board, after working with local stakeholders, approved a funding plan of committed and non-committed sources. An FFGA between the SFMTA and the Federal

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[40] Regional Transportation Improvement Program.
[41] Traffic Congestion Relief Program.
[42] Public Transportation Modernization, Improvement and Service Enhancement Account.

Transit Administration, executed in October 2012 (the "SFMTA FFGA"), established a multi-year commitment of $942.2 million in Federal Transit Administration New Starts Program funds. On September 12, 2014, the SFMTA received a federal Fiscal Year 2014 New Starts Program allocation in the amount of $150 million, bringing total New Starts grants received by the SFMTA to approximately $469.2 million for the Central Subway Project. ***[To be updated for issuance.]***

Funding of FFGA programs is subject to Congressional appropriation and satisfaction of certain grant conditions, as discussed below. The SFMTA FFGA commits to a maximum level of New Starts financial assistance (subject to appropriation), establishes the terms and conditions of federal financial participation in the Central Subway Project and will help the SFMTA and the Federal Transit Administration manage the Central Subway Project in accordance with applicable federal law. The Federal Transit Administration uses a Project Management Oversight Program to obtain independent feedback on Central Subway Project progress and the status of the scope, budget, and schedule, as well as to provide guidance on management, construction, and quality assurance practices. The SFMTA FFGA also defines the start of revenue service date for the Central Subway Project as on or before December 31, 2018. See "—Central Subway Project Status" and "—Certain Central Subway Project Risks and Risk Management."

The SFMTA FFGA is providing SFMTA with predictable federal financial support for the Central Subway Project; however, annual payouts remain subject to Congressional appropriations. The SFMTA FFGA also places limitations on the amount and timing of its support which would not necessarily take into account cost increases, if any, relating to the Central Subway Project. See "—Additional Financing." As is the case with other FTA grants, the SFMTA FFGA requires that SFMTA follow the terms of the Federal Transit Administration Master Agreement containing the standard terms and conditions governing the administration of projects that the Federal Transit Administration has financed with federal assistance. The SFMTA FFGA also outlines Central Subway Project cost eligibility. In the event that it is determined by the Federal Transit Administration that SFMTA FFGA requirements have not been met or that Central Subway Project costs incurred are ineligible, the SFMTA would be responsible for paying or reimbursing the Federal Transit Administration for such costs.

Two smaller, targeted, federal funds sources are committed to the Central Subway Project. The first, the Congestion Mitigation and Air Quality Improvement Program, committed $41 million to the Central Subway Project, of which 100% has been received by the SFMTA and expended on the Central Subway Project. The second source, State Surface Transportation Program funds ("State-STP") are funds that are federal transportation revenues programmed by the State of California, including its Congestion Management Agencies. On September 5, 2014, the SFMTA was awarded approximately $12.5 million of State-STP funds for the Central Subway Project. This increment represents the first payment of $88 million of State RTIP Grant funds to the Central Subway Project.

See "—Central Subway Project Status," "—Certain Central Subway Project Risks and Risk Management" and "CERTAIN RISK FACTORS—Reliance Upon Grants and City General Fund Transfers."

State, Regional and Local Funding. The State has formally committed to provide approximately $307 million of Public Transportation, Modernization, Improvement, and Service Enhancement Account ("PTMISEA") funds from proceeds of the sale of State Proposition 1B (voter-approved) infrastructure bonds.

PTMISEA funds are appropriated by the California State Legislature to the State Controller's Office for allocation to project sponsors, such as the SFMTA, pursuant to State statute. As a project sponsor, the SFMTA submits allocation requests to Caltrans. Caltrans ensures the requests meet the required criteria. The approved allocation request also serves as the agreement verifying the SFMTA's commitment to the project's scope of work, schedule and budget. The SFMTA is required to submit semi-annual financial and outcome progress reports on all projects. Any change in scope of work, schedule, or budget requires the submittal of an amendment plan that identifies the original commitment and the revised information, including an explanation of the change. The SFMTA is also required to submit an annual TDA Guidelines audit that has been expanded to include PTMISEA activities. These reports provide program and project status based on the financial activities of the SFMTA. The annual TDA Guidelines audit of the SFMTA includes the PTMISEA funds and includes verification of receipt and appropriate expenditure of bond funds.

Caltrans has allocated approximately $307.5 million in PTMISEA funds to the SFMTA. [To date, the SFMTA has received approximately $225.9 million in PTMISEA funds.] ***[To be updated for issuance.]*** In April 2011, the SFMTA Board allocated $225.3 million of its available $307.5 million in PTMISEA funds to the Central Subway Project. An additional $82.5 million in PTMISEA funds were committed to the SFMTA by the MTC as part of its "urban core" transit expansion program to fund a portion of the Central Subway Project.

Countywide Regional Transportation Improvement Program ("RTIP") grants are funded by the State, from an array of State and Federal funding sources, as part of its State Transportation Improvement Program ("STIP"). MTC, as the Regional Transportation Planning Agency for the Bay Area and its nine member Congestion Management Agencies, develops local and regional priorities within the RTIPs, which are then submitted to the California Transportation Commission for programmatic inclusion in the STIP with funds awarded (allocated) to the project sponsor agencies across a five year horizon, i.e. 2014-2018. The County Transportation Authority has committed $88 million in RTIP Grant funds to the Central Subway Project. The first tranche of approximately $12.5 million of STIP funds was awarded in September 2014. The SFMTA is working with the County Transportation Authority and the CTC to accelerate the receipt of these funds to 2016. See "—Additional Regional and Local Support." ***[To be updated for issuance.]***

Traffic Congestion Relief Program ("TCRP") grants provide funding for transportation projects that relieve congestion, connect transportation systems and provide for better goods movement in the State. Working with regional agencies, including MTC, the State developed a list of projects for funding with TCRP. The Central Subway Project has received and expended all $14 million from this funding source.

In 2008, State voters approved funding for the California High-Speed Rail project, including the issuance of bonds (the "Proposition 1A Bonds") to finance local rail transit projects that would connect to the new high-speed rail system. In 2012, the State approved issuance of up to $4.5 billion in Proposition 1A Bonds to finance a portion of the High-Speed Rail Project in the Central Valley along with certain transit connection projects. On September 27, 2012, the California Transportation Commission allocated to the SFMTA all $61.308 million of the Proposition 1A High Speed Rail Connectivity funds that had been programmed to the City for connecting transit to the State system. All of these funds were directed to the Central Subway Project Tunnel Contract and Station Contract, and were part of the Central Subway Project's Fiscal Year 2013-14 cash flow. As of September 2014, all of these funds have been spent.

Finally, the County Transportation Authority awarded $123.975 million in Proposition K local sales tax revenues to the SFMTA for the Central Subway Project and all of these funds have been received by the SFMTA.

[To be updated for issuance.] [As of October 2014, the total of grants received from all sources is approximately $917.85 million, or, approximately 58.2% of the total Central Subway Project budget. The timing and level of funds received to date has enabled the SFMTA to maintain a positive cash flow for the first four years of construction. As of June 30, 2014, the total funds allocated to project accounts and available for current billing is approximately $785.8 million. Concurrently, the remaining available and unallocated cash balance as of June 30, 2013 was approximately $178.4 million for on-going Central Subway Project expenditures. The anticipated timelines for future receipts of committed funds and future disbursements for expenditures result in a positive project cash flow through at least April 2017.] After April 2017 (or earlier, if the Central Subway Project expenditures are faster than current projections or committed funds are not received on a timely basis), the SFMTA anticipates using CP Notes as bridge financing, if needed, until it receives subsequent grant funds. See "CERTAIN RISK FACTORS—Reliance Upon Grants and City General Fund Transfers" and "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Commercial Paper Program."]

Central Subway Project Status. The Central Subway Project has several construction related phases. Preliminary utilities relocation projects for the Central Subway Project, totaling approximately $32 million, have been completed within the initial budget and schedule adopted for this phase. In 2010, small deposits of Native American middens were found on 4th Street near the Yerba Buena/Moscone Station site during utility relocation. The middens debris field were mapped as the station site was prepared in accordance with archeological resource project management practices established in State law.

On August 8, 2011, the SFMTA awarded the tunneling contract ("Tunneling Contract") to Barnard Impregilo Healy, a Joint Venture ("BIH") for approximately $233.6 million. The twin bore tunneling construction has been successfully completed. The remaining Tunneling Contract work is to construct the transition ramp between the subway tunnel end and the surface line and operations. Substantial completion of the remaining tunneling portion of the Central Subway Project occurred in [May 2015]. See "—Certain Central Subway Project Risks and Risk Management."

A contract for the construction of the Chinatown Station, the Union Square/Market Street Station with concourse connection to the existing Powell Street Muni/BART Station, the Yerba Buena/Moscone Station, the 4th and Brannan Station, tracks, switches, control systems and related items for the Central Subway Project (the "Station Contract"), totaling approximately $840 million, was awarded by the SFMTA to Tutor Perini Corporation in May 2013.

In the summer and fall of 2014 construction at the three subway station sites focused on completion of the installation of interlocking piles around the perimeter of the station structures. In August 2014, downward excavation of the Union Square Market Street Station began. Roof decking is being added on top of the earth removal, which will soon cover over the site, with an access point to allow crews and machinery underneath the deck to continue excavating underground.

[To be updated for issuance.] [As of July 2014, remaining total cost contingency for the Central Subway Project is approximately $70.2 million. Such contingency amount is below the target standard of $140 million established by the Federal Transit Administration for the Central Subway Project at this stage, largely as a result of receipt of higher than expected bids on the Station Contract. Cost contingency recovery efforts are being evaluated and developed for review and approval by Federal Transit Administration. The schedule for commencement of revenue service in December 2018 is currently unchanged. Schedule contingency, however, is at 4.8 months, a level below the minimum of 8 months established by the Federal Transit Administration for the Central Subway Project at this stage. Schedule contingency recovery efforts are also being evaluated and developed for review and approval by Federal Transit Administration. Such cost and schedule contingency discussions with the Federal Transit Administration could result in an increase in the Central Subway Project budget and/or an extension of the Central Subway Project schedule.] See "—Certain Central Subway Project Risks and Risk Management," "—Additional Regional and Local Support," "—Additional Financing" and "CERTAIN RISK FACTORS—Reliance Upon Grants and City General Fund Transfers."

Certain Central Subway Project Risks and Risk Management. While the current schedule for commencement of revenue service on the Central Subway is December 2018 and the current estimated cost to complete the Central Subway Project is approximately $1.578 billion in year of expenditure dollars, there can be no assurance that time to completion will not be longer, or costs of completion will not be higher. As is the case for every large infrastructure project, there are circumstances that could cause delay or cost increases for the Central Subway Project. Given the magnitude and the complexity of the Central Subway Project, such risks include, but are not limited to, project or funding delays, multiple project scheduling dependencies, litigation, unanticipated natural hazards, hazardous waste, soil, groundwater or other project site conditions or events, including groundwater intrusion, occurring in connection with construction, accidents or seismic events during construction, unanticipated environmental or archaeological issues and adverse conditions in the credit and capital markets that increase the SFMTA's borrowing costs.

Certain other risks include the following: liability or delays associated with construction impacts on stakeholders and other third-parties, public concerns resulting in unexpected restrictions on or changes to project specifications, construction plans and schedules, potential increases in the costs of rolling stock, and potential service issues in connection with integration of the Central Subway line into Muni's existing operations. See "CERTAIN RISK FACTORS."

Among other risks considered and identified for mitigation, the SFMTA's risk assessment includes the possibility that the Federal Transit Administration, for any reason, may not fulfill its funding obligations under the SFMTA FFGA. Although in the course of managing a discretionary federal grant program of substantial size for more than 25 years and through more than 1,000 projects, the Federal Transit Administration has never, to the knowledge of the SFMTA, failed to ultimately honor its commitments to fund a project under an FFGA, funding delays or temporarily reduced funding due to delays in Congressional approvals have occurred for some projects in recent years. Were significant delays or temporary reductions in fund allocations to occur with respect to the SFMTA FFGA, the SFMTA might need to adjust the program scope and budget for the Central Subway Project, or identify alternative sources of funding, which could include the issuance of additional Bonds. A potential consequence of providing for such alternative funding could be reduced funding for SFMTA's other long-term capital improvement and service plans. See "—Additional Regional and Local Support," "Additional Financing" and "CERTAIN RISK FACTORS."

In order to qualify for commitment of funds for construction through completion under the SFMTA FFGA, the Central Subway Project had to fulfill the Federal Transit Administration's rigorous criteria for transit project construction readiness. A key fulfillment of the criteria was completing an extensive risk assessment. During the transition from preliminary engineering to final design, the Central Subway Project finalized an industry standard Risk Management and Mitigation program. The Project Risk Assessment Committee, meeting monthly, focuses on managing and mitigating identified risks that remain outstanding as well as mitigating new risks that may arise during implementation of the Central Subway Project.

To further manage risks from disputes with its contractors, the SFMTA has also created a Configuration Management Board ("CMB") to focus on certain risks and mitigations from challenges and opportunities arising during construction of the Central Subway Project. The CMB is a project-level, decision-making body that reviews and approves, or recommends approval to the SFMTA's upper management of, all change requests to the Central Subway Project's baseline documents prior to implementation of such changes. The SFMTA has found this process to be an effective means to assist in managing costs associated with change orders and mitigating any potential disputes. The CMB includes Central Subway Project staff and a representative from the County Transportation Authority's Project Management Office.

The SFMTA has pursued a variety of both operational and contractual means to mitigate and manage identified risks. Risks related to excavation and station construction include, without limitation: subsidence, underground obstructions or previously unknown environmental or archaeological site conditions, adverse impacts on existing underground utility services, changes to construction specifications or plans following commencement of construction, or evolving restrictions on construction intensity as a result of noise, vibration, local traffic control or other requirements. See "CERTAIN RISK FACTORS—Construction Risk." With respect to subsidence and liability generally associated with construction impacts on stakeholders and other third-parties, Tutor Perini has obtained multiple insurance policies with a total aggregate claims limit of $50 million through Alliant Insurance Services to cover certain loss-claims relating to the activities undertaken pursuant to the Station Contract, and BIH has obtained multiple insurance policies with a total aggregate claims limit of $200 million through Marsh Risk & Insurance Services to cover loss-claims relating to activities undertaken pursuant to the Tunneling Contract. The SFMTA continues to address public concerns about construction of the Central Subway through requirements that contractors' activities preserve access to residences and businesses, assist with vehicle and pedestrian traffic, control noise and vibration, and clean up any debris or other materials left following construction. The SFMTA also maintains comprehensive public outreach programs that alert local residents and merchants to planned and ongoing construction activities, which has resulted in successful resolutions of issues relating to construction impacts, including the successful completion of the relocation of the tunnel boring machine extraction site to the Pagoda Theater.

Although the SFMTA implements a formal and systematic risk management and mitigation as described above in connection with identified risks, and has put in place processes to address risks arising during or first identified during the course of construction, including through the activities of the Project Risk Assessment Committee and the CMB, there can be no assurance that the SFMTA will be able to fully mitigate such risks nor that the impact of any such risks, if realized, on the Central Subway Project would not result in the time to completion being longer, or costs of completion higher, than the current schedule and cost estimates for the project, including by amounts that exceed current estimates of available funding. In addition, to the extent that the Federal Transit Administration is unable to fulfill, or for any reason disclaims its obligations to fulfill, its funding obligations under the SFMTA FFGA, the Central Subway Project could face significant funding shortfalls or delays. See "—Additional Regional and Local Support," "—Additional Financing" and "CERTAIN RISK FACTORS."

Mission Bay Transit Loop Project. Prior to opening service on the Central Subway line, the SFMTA expects to undertake an additional project, the Mission Bay Transit Loop Project (the "MBL"), to construct facilities that would allow up to half of the light rail vehicles traveling south on the Central Subway/Third Street LRT lines to turn around during peak hours near the intersection of Third Street and Eighteenth Street. By allowing up to half of the trains to return toward the City's downtown prior to arriving at the terminus of the Third Street LRT line at the Sunnydale Station, the MBL would facilitate increased frequency of service on the Central Subway line in the Chinatown, Mission Bay and South of Market Neighborhoods during peak periods. SFMTA also anticipates providing additional services and financing other capital facilities, such as public transit services, special event shuttles, parking and traffic engineering and control services, local access programs, Muni infrastructure improvements, bicycle and pedestrian access improvements, and studying the feasibility of a ferry landing and service for Mission Bay South and surrounding areas. The FTA delivered its Finding of No Significant Impact with respect to the MBL's Environmental Assessment on July 30, 2013. The SFMTA has obtained and received funding for the MBL pursuant to a Federal Transit Administration Tiger Grant. The SFMTA anticipates substantial completion of the MBL in _________. ***[To be updated for issuance.]***

Additional Regional and Local Support. MTC, the County Transportation Authority and the Controller have each indicated their respective intent to help mitigate the financial impact of delays or cost increases associated with the Central Subway Project. MTC has indicated that it would work with the State and the SFMTA to mitigate the financial impact of delays, if any, in the receipt by the SFMTA from the State of Proposition 1B funds for the Central Subway Project. The County Transportation Authority has committed up to $150 million dollars of additional funds for the Central Subway Project, subject to certain conditions, in order to mitigate the impact of increases in costs, if any, above the approximately $1.578 billion in expected future year of expenditure dollars.

The City Controller has indicated readiness to work with the SFMTA to address timing discrepancies with respect to payment of approved grants by the federal government should such discrepancies threaten the timing of the delivery of Central Subway Project, though potential solutions might require approval of the Board of Supervisors.

Additional Financing. Finally, the SFMTA may issue additional Bonds or CP Notes to provide interim financing of Central Subway Project costs pending the receipt of grant proceeds. See "—Future Debt Issuance."

In the event that the Central Subway Project exceeds both its budget and the $150 million in additional Regional Improvement Funds committed to the Central Subway Project by the County Transportation Authority, non-federal funding programmed to other SFMTA projects would have to be moved or new funding would have to be identified to cover those costs because the SFMTA FFGA caps the federal contribution to the Central Subway Project. Potential sources might include SFMTA operating funds, additional Bonds, new sales tax revenues, the proceeds of future general obligation bonds, if any, issued by the City for such purpose, or the proceeds of future bonds, if any, issued by the State for such purpose. See "CERTAIN RISK FACTORS."

<u>Muni Forward</u>. The Muni Forward program ("Muni Forward") aims to make getting around the City faster, safer, and more reliable. As a result of data collected through the

SFMTA's earlier TEP and extensive community input, Muni Forward's upcoming route changes and service improvements will help reallocate limited resources where they are needed most. Muni Forward improvements include the implementation of a core routes rapid network that will serve nearly 70% of all riders, updates to SFMTA's transit fleet, delivery of important safety and accessibility projects across the city, and implementation of technology to make the Muni transit system smarter, faster, and more reliable. The Muni Forward program includes numerous projects associated with creating the Muni core routes rapid network, improving transit reliability system-wide, making the system more efficient, and enhancing transit safety and access.

The TEP was an in-depth planning process that brought together technology, technical expertise, and deep community insight to better solve the problems affecting the City's transit network. The TEP represented the first comprehensive evaluation of the Muni system in 30 years. In March 2014, the San Francisco Planning Commission certified the TEP's Final Environmental Impact Report (the "EIR"), and the SFMTA Board of Directors approved a majority of the recommendations that emerged from this planning process, including an overall 12% service increase. After completion of the TEP EIR, the project transitioned from a planning phase to implementation. In connection with this transition, the program is now referred to as Muni Forward rather than the TEP.

In March 2014, the SFMTA Board approved the environmental review for the Transit Effectiveness Project, which included a 12% service increase and approximately $300 million in further capital improvement projects, subject to funding availability. The Board also designated an initial set of fast track projects, which are currently under design and construction. [Additional capital projects are expected to be designated on a corridor-by-corridor basis during Fiscal Years 2014-15 and 2015-16.] ***[To be updated for issuance.]***

[At its April 14, 2014 meeting, the SFMTA Board adopted an operating budget that calls for a 3% increase in service levels in Fiscal Year 2014-15 and a 7% increase in Fiscal Year 2015-16, subject to a review of the SFMTA's financial condition in early 2015. To the extent that funding is available, the SFMTA anticipates addressing the remaining 2% increase in service levels during the subsequent two year budget cycle.] ***[To be updated for issuance.]*** See "—Fiscal Year 2016-17 and Fiscal Year 2017-18 Budget."

<u>Light Rail Vehicle Acquisition</u>. The SFMTA Board of Directors has approved a contract with Siemens to acquire up to 260 new light rail vehicles over the next 15 years. The new light rail vehicles will replace and expand Muni's existing fleet of Breda light rail vehicles. The SFMTA expects that the first 24 light rail vehicles, intended to provide service on the Central Subway line, will be delivered in Fiscal Years 2016-17 and 2017-18. The SFMTA further anticipates taking delivery of at least 151 additional light rail vehicles over the following 11 Fiscal Years pursuant to the contract with Siemens. The contract with Siemens also provides SFMTA with an option to purchase up to 85 more light rail vehicles, for a total of 260 light rail vehicles over the term of the contract through Fiscal Year 2028-29. The SFMTA anticipates entering into one or more contracts for development of proprietary software control systems to manage operations of Siemens-

built light rail vehicles on Muni's rail system, though the scope of such project will not be defined until final, detailed performance specifications for the vehicles are available.

The Board and the Board of Supervisors have approved a total contract price of not to exceed approximately $1.193 billion for the acquisition of the Siemens light rail vehicles. Total project costs, including project support, taxes and contingency are estimated to be $1.42 billion. The SFMTA has identified funding for approximately $1.14 billion of such project amount, including approximately $627 million in funding from MTC, $159 million of Proposition K local sales tax funds, $202 million in revenues from the State's cap-and trade emissions program, $122 million in Bond proceeds (including $107 million in proceeds of bonds planned to be issued in 2017), $8 million of operating funds, and $26 million of Central Subway Project funds. The SFMTA projects that such amounts would be sufficient to purchase the base number of 175 light rail vehicles and to exercise the option for 40 additional light rail vehicles. In some cases the other funds identified have been prioritized by the grantors to facilitate SFMTA's acquisition of light rail vehicles, though the SFMTA has not yet secured such amounts. If the SFMTA does not receive any portion of such amounts, the SFMTA will attempt to identify alternative funding sources, potentially including the issuance of additional Bonds or the deferral of other capital projects to make available sufficient funding for the light rail vehicle purchases, or it will delay the purchases of, or purchase fewer, light rail vehicles under the contract with Siemens. The SFMTA would need to identify approximately $280 million in additional funding to exercise its option to purchase the remaining 45 light rail vehicles.

[On November 5, 2014, the Planning Department determined that the Hybrid Coach Procurement contract did not constitute a project under CEQA Guidelines Sections 15060(c) and 15378. A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors; however, such CEQA determination is not incorporated herein by reference. Under Section 15378(b) (2) of the CEQA Guidelines, the program to overhaul the light rail vehicles is not considered a project because there is no direct or indirect physical change in the environment. Further, rail car rehabilitation is categorically excluded under NEPA (23 CFR §771.177(c)).]

Transportation Management Center. The Transportation Management Center project is part of the SFMTA's larger program to upgrade its central control and communications capabilities. Currently, the SFMTA's real-time command and control functions reside in various sites located throughout the City in facilities that are undersized and which include outmoded systems. The Transportation Management Center project will integrate and consolidate multi-modal, real-time command and control functions into one secure location in the City's downtown incorporating updated systems. The $11.6 million project, which is funded primarily from Proposition K local sales tax funds allocated by the County Transportation Authority, will provide the SFMTA with a service delivery-focused operations center for command, control of, and communications among, all of the SFMTA's diverse functions, including transit operations, traffic signaling monitoring and control, parking enforcement dispatch, taxi medallion management, bicyclists, pedestrians and off-street parking. The Transportation Management Center will be housed in leased space. The necessary tenant improvements have been completed.

Move-in for some existing command and control functions has been completed and the remainder is in the planning phase.

Van Ness Avenue Bus Rapid Transit. The SFMTA and the County Transportation Authority are collaborating on the proposed Van Ness Avenue Bus Rapid Transit project, which covers approximately two miles, from Mission St. and South Van Ness Avenue to Lombard St. and Van Ness Avenue. The project includes improvements that would provide for rapid, reliable transit, including dedicated bus lanes separated from regular traffic to improve transit performance, transit signal priority recognizing an approaching bus rapid transit ("BRT") vehicle and extending the green light when it is safe to do so, proof of payment and all-door boarding to allow buses to pick up and drop off passengers more quickly, high-quality stations, pedestrian safety enhancements including reduced crossing distances on streets where BRT stations are located and large platforms for waiting passengers. The project is expected to improve transit speeds by up to 30 percent on these corridors, significantly improve reliability, improve rider and pedestrian comfort, amenities and safety and fill a key gap in the City's Rapid Transit Network. The project is estimated to cost approximately [$162 million (in 2014 dollars)].

The County Transportation Authority adopted a Project Feasibility Study in 2006. The Environmental Impact Report/Statement was made available for public review and comment in November 2011. After reviewing the public comments and holding public hearings, the Board and the Board of Commissioners of the County Transportation Authority have approved a locally preferred alternative. The Final Environmental Impact Report/Statement was released in July 2013 and approved by the Board of Commissioners of the County Transportation Authority on September 10, 2013 and the Board on September 17, 2013. The Federal Record of Decision was issued on December 20, 2013, determining that the requirements of the National Environmental Policy Act have been met through the Final Environmental Impact Statement document and process. The proposed actions are within the scope of the Van Ness BRT Project Final EIS/EIR. Upon issuance of the Federal Record of Decision, SFMTA assumed project lead from the County Transportation Authority. Final design was completed in [2015], with construction expected to occur from 2015-2018 and revenue service beginning in 2018.

Rail Replacement Program. The Rail Replacement Program is an on-going program of phased replacement of sections of rail on the light rail or cable car systems which will enhance system reliability and productivity and help to reduce operational problems. The program allows for a systematic replacement cycle of, on average, approximately 35 years for most segments of the Muni rail system. Sections of rail to be replaced are prioritized based on their potential for failure and derailments, the amount of noise and vibration experienced at surrounding structures, and their relationship with complementary projects of other city departments. Rail replacement projects are organized in two ways: 1) a corridor wide replacement; or 2) the selected replacement of particularly vulnerable sections of track, including curved rail and other special work such as track switches, which tend to wear out much faster than straight track. Corridor wide projects replace 1-2 miles of straight track and any special work in that area and are normally coordinated with the work of other City departments and utilities to upgrade the entire infrastructure along the corridor.

Sunset Tunnel Trackway Improvements and Twin Peaks Tunnel Rail Replacement. The Sunset Tunnel Trackway improvements project will replace 9,340 track feet of rail, ballast and ties, the corresponding overhead contact wire system and feeder cables; the curve signaling system; and seismically upgrade the East and West Portal walls. This $25 million project was substantially completed in late summer 2015.

The Twin Peaks Tunnel Rail Replacement will replace 20,600 track feet of rail, ballast and ties; replace two existing turnouts; seismically upgrade the Eureka Station; make improvements to the fire suppression system; and reconfigure the West Portal interlocking, installing new VPI logic, installation of new track circuits, and replacement of switch machines. This $47 million project is expected to be substantially completed in summer 2016.

Funding of Capital Improvements. The SFMTA's capital program is financed and otherwise funded from a variety of funding sources. In addition to the SFMTA's outstanding debt, and the debt to be issued in this financing, the SFMTA relies primarily on capital grant funds from federal, State and local sources to finance its capital improvements. During the 20-year period from Fiscal Year 2009-10 to Fiscal Year 2029-30, the SFMTA projects that it could undertake approximately $13 billion in capital improvement projects.

Grant Recovery and Relinquishment. Grants the SFMTA receives generally provide for monitoring of compliance with various restrictions and termination or suspension of payments or recovery of disbursed funds in the event of a serious violation of grant terms or misapplication of grant funds. The compliance conditions which the Federal Transit Administration, the California Department of Transportation, MTC, the County Transportation Authority and other agencies apply to recipients of grants are uniform for all recipients. With respect to the recovery of such grant funds, the SFMTA is not subject to any unique rules, requirements or auditing procedures as compared with other recipients. For example, in connection with Federal Transit Authority grants, recipients, including the SFMTA, agree to comply with all applicable federal statutes and regulations in carrying out any project supported by such grants, along with the terms and conditions of the Federal Transit Authority grant agreements which include restrictions relating to, among other issues, lobbying, procurement compliance, acquisition of rolling stock and bus testing, drug and alcohol use and the payment of interest and other financing costs. As another example, State law requires, subject to certain possible exceptions and exemptions, that the SFMTA maintain a ratio of fare revenues to transit operating costs of 31.2% or a ratio of farebox plus local support to operating costs of 64.5% in order to preserve its eligibility for STA and LTF funding. [In Fiscal Year 2014-15, the SFMTA's satisfied such requirements with a ratio of fare revenues to transit operating costs of ___%.] ***[To be updated for issuance.]*** See "—Current Projects—Central Subway Project," "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Federal, State Regional and Local Grants" and "CERTAIN RISK FACTORS—Reliance Upon Grants and City General Fund Transfers."

The County Transportation Authority grants sales tax funds to support certain programs which include an identified number of projects authorized by the voters in the

County. The SFMTA has occasionally released grant funds back to the County Transportation Authority when the SFMTA has completed, under budget, a project funded by County Transportation Authority grants. The applicable project savings are then returned to the County Transportation Authority to provide additional funding for other projects within the same grouping. The availability of the SFMTA project savings to the SFMTA is determined by the number of eligible sponsors within each respective grouping. In many cases, however, the SFMTA is the only eligible project sponsor within such grouping.

Outstanding Debt

Prior to the issuance of the Series 2016 Bonds, the SFMTA's outstanding long-term debt obligations consist of the Series 2012 Bonds, the Series 2013 Bonds and the Series 2014 Bonds. See "DEBT SERVICE SCHEDULE" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Other Obligations Secured by Pledged Revenues."

Commercial Paper Program

On September 10, 2013, the SFMTA obtained an irrevocable, direct pay letter of credit issued by State Street that will support the SFMTA's issuance of subordinate CP Notes in an aggregate principal amount of up to $100 million, the proceeds of which are expected to be used to pay for costs of projects pending the receipt of grant proceeds (see "—Capital Program—Current Projects—Central Subway Project) and/or to finance state of good repair projects. Such CP Notes, and the SFMTA's obligation to reimburse State Street for draws under the letter of credit to pay the principal of and interest on the CP Notes, are secured by a pledge of Pledged Revenues that is junior and subordinate to the pledge securing the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." The letter of credit issued by State Street is scheduled to expire on September 10, 2018, subject to prior termination pursuant to its terms and as provided for in the related reimbursement agreement. As of _______, 2016, [no / $______ in] CP Notes were outstanding.

Future Debt Issuance

In addition to the outstanding Series 2012 Bonds, Series 2013 Bonds, Series 2014 Bonds and the proposed Series 2016 Bonds, [the SFMTA presently expects to issue approximately $150 million in additional Bonds during 2016-2017 in order to finance future state of good repair projects and other projects]. ***[To be updated for issuance.]*** Also, on September 10, 2013, the SFMTA obtained an irrevocable, direct pay letter of credit issued by State Street that supports the SFMTA's issuance of up to $100 million in subordinate CP Notes. See "—Commercial Paper Program" and "—Capital Program—Current Projects—Central Subway Project." For a list of the types of state of good repair projects the SFMTA may potentially undertake and finance, in part, from proceeds of additional Bonds and CP Notes, see "—Capital Program—State of Good Repair Analysis."

Lease/Leaseback Transactions

In April 2002 and September 2003, following approval by the Federal Transit Administration and the Board of Supervisors, the SFMTA entered into a leveraged lease-leaseback transaction in two tranches (collectively, the "Lease Transactions"). The first tranche covered 118 Breda light rail vehicles (the "Tranche 1 Equipment"), and the second tranche covered 21 Breda light rail vehicles (the "Tranche 2 Equipment" and, together with the Tranche 1 Equipment, the "Equipment"). Tranche 1 consisted of six sub-tranches and involved four equity investors; Tranche 2 consisted of one tranche and one equity investor.

The Lease Transactions were structured as a head lease of the Equipment to a separate special purpose trust and a sublease of the Equipment back from the trust. During the term of the subleases, the SFMTA maintains custody of the Equipment and is obligated to insure and maintain the Equipment throughout the life of the sublease. Under the respective subleases, the SFMTA is required to make periodic rental payments to the special purpose trusts. In addition, the SFMTA has an option to purchase the Tranche 1 Equipment on specified dates between January 2027 and January 2030, and the Tranche 2 Equipment in January 2030, following the scheduled expiration of the subleases. The funding for the periodic rental payments derives from payments made by a payment undertaker whose obligations are guaranteed by Assured Guaranty Municipal Corporation ("AGM"), as successor to Financial Security Assurance, Inc., a bond insurance company. The funding for the purchase options, if exercised, derives from U.S. Agency securities purchased at the outset of each Lease Transaction (the "Equity Securities"). In addition, early termination payments, if any, under the subleases are guaranteed by surety policies issued by AGM.

As a result of these cash transactions, Muni recorded approximately $35.5 million and $4.4 million in Fiscal Year 2001-02 and 2002-03, respectively, for the difference between the amounts received by the SFMTA of approximately $388.2 million and $72.6 million, and the amounts paid by the SFMTA to the escrows and the debt payment undertaker of approximately $352.7 million and $67.5 million, respectively. Such amounts are classified as deferred outflows of resources and will be amortized over the life of the applicable sublease unless the purchase option is executed.

The SFMTA is required to replace the payment undertaker if the rating of its guarantor, AGM, falls below "BBB+" or "Baa1" by Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P"), and Moody's Investors Service, Inc. ("Moody's"), respectively. The ratings of AGM currently satisfy these threshold rating requirements.

The SFMTA is also required to replace AGM as surety provider if AGM's rating falls below "AA-" or "Aa3" by S&P and Moody's, respectively. In January 2013, Moody's downgraded AGM to A2, a rating level which triggers the SFMTA's obligation to replace AGM as surety provider upon 30 days' notice from an equity investor with respect to its sub-tranche. The SFMTA's failure to replace AGM within 30 days could result in the termination of the Lease Transactions, requiring the SFMTA to make a payment equal to the scheduled termination value (less the market value of the Equity Securities) on the termination date. [As of June 30, 2014, the scheduled termination value for the Lease Transactions (less the market value of the Equity Securities) was approximately $62.4 million. As of October 1, 2014, the SFMTA had not received a demand from any equity investor to replace AGM.] ***[To be updated for issuance.]***

The Board of Supervisors has authorized the SFMTA to enter into consensual terminations of the Lease Transactions provided that, among other conditions, such terminations do not involve a cost to the SFMTA. In March 2014, the SFMTA negotiated the termination of two of the six sub-tranches that comprised Tranche 1. Those sub-tranches involved one equity investor and covered 30 Breda light rail vehicles. The termination was structured as an early exercise of SFMTA's purchase option, with the purchase funded entirely from proceeds of the sale of U.S. Agency securities held in escrow accounts with respect to such sub-tranches. Revenue of approximately $5.4 million was recognized for the remaining unamortized deferred outflows of resources for these items in fiscal year 2014. The deferred outflows of resources amortized amounts were approximately $980,000 and $200,000 for remaining 88 items of Tranche 1 Equipment and 21 items of Tranche 2 Equipment in fiscal year 2014, respectively. The SFMTA cannot predict whether any of the remaining equity investors in the Lease Transactions will agree to a consensual termination on terms consistent with the Board of Supervisors' resolution.

Risk Management and Insurance

The SFMTA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The SFMTA's risk management program includes both self-insured and insured coverage. With certain exceptions, the City and the SFMTA's general policy is to first evaluate self-insurance for the risk of loss to which it is exposed. Based on this analysis, the SFMTA has determined that in certain areas of risk, mitigating risk through a wholly or partially self-insured program is more economical as it manages risks internally, and administers, adjusts, settles defends and pays claims from annually-budgeted resources. When it is economically more advantageous, or when required by financial covenants, the SFMTA obtains commercial insurance for the risks of specific loss, not including earthquake.

The SFMTA self-insures for general liability. Through coordination with the Controller and City Attorney's Office, the SFMTA general liability payments are addressed through pay-as-you-go funding as part of the budgetary process as well as a reserve that is increased each year by approximately $3 million. The reserve was $17.7 million at the end of Fiscal Year 2014-15. Additionally, the SFMTA participates in the City master property program for fixed asset protection, including scheduled Breda light rail vehicles. The SFMTA also maintains insurance on the SFMTA-controlled parking garages.

The following is a summary of the SFMTA's coverage approach to risk:

TABLE 23

RISK MANAGEMENT AND INSURANCE

Primary Risk	Coverage Approach
General/Transit Liability	Self-insure
Property [(including Breda light rail vehicles and parking garages)]	Self-insure and Purchase insurance
Workers' Compensation	Self-insure
Employee (Transit Operators)	Purchase insurance
Directors and Officers	Purchase insurance

Source:SFMTA

The SFMTA does not maintain insurance policies covering earthquake, flood, environmental pollution or other, similar risks.

The SFMTA does require contractors to maintain insurance for all construction activities. Requirements with respect to policy limits, covered losses and other terms of the insurance vary depending upon the type of activity undertaken and are usually determined in collaboration with the City's Risk Manager.

Investment of SFMTA Funds

Pursuant to the Charter, the SFMTA maintains its deposits and investments and a portion of its restricted asset deposits as part of the City's pool of investments and deposits. The management of the Pool is governed by the Investment Policy administered by the Office of the Treasurer and Tax Collector in accordance with California law, including, among others, California Government Code Sections 27000, 53601, and 53635. In order of priority, the objectives of this Investment Policy are safety, liquidity, and return on investments. Safety of principal is the foremost objective of the investment program. The investment portfolio maintains sufficient liquidity to meet all expected expenditures for at least the next six months. The Office of the Treasurer and Tax Collector also attempts to generate a market rate of return, without undue compromise of the first two objectives.

The Investment Policy is reviewed and monitored annually by a Treasury Oversight Committee established by the Board of Supervisors. The Treasury Oversight Committee meets quarterly and is comprised of members drawn from (a) the Treasurer; (b) the Controller; (c) a representative appointed by the Board of Supervisors; (d) the County Superintendent of Schools or his/her designed; (e) the Chancellor of the Community College District or his/her designee; and (f) Members of the general public. The current City and County of San Francisco Office of the Treasurer Investment Policy is attached hereto as Appendix C. The City's Comprehensive Annual Financial Report categorizes the level of common deposits and investment risks associated with the City's pooled deposits and investments. As of June 30, 2015, the SFMTA's unrestricted and restricted deposits and investments held by the City Treasurer were approximately $904.1 million and $728.8 million, respectively.

CERTAIN RISK FACTORS

The following section discusses certain risk factors that should be considered by potential investors, along with all other information presented in this Official Statement, in evaluating the risks inherent in the purchase of the Series 2016 Bonds. The following discussion is not meant to be a comprehensive or definitive list of the risks associated with an investment in the Series 2016 Bonds. Any one or more of the risk factors discussed below, among others, could adversely affect the ability of the SFMTA to pay principal of or interest on the Series 2016 Bonds or lead to a decrease in the market value and/or in the liquidity of the Series 2016 Bonds. The order in which this information is presented does not necessarily reflect the relative importance of the various issues. There can be no assurance that other risk factors not discussed herein will not become material in the future, and the SFMTA has not undertaken to update investors about the emergence of other risk factors in the future.

Series 2016 Bonds Limited Obligations

The Series 2016 Bonds are special, limited obligations of the SFMTA secured by and payable solely from Pledged Revenues of the SFMTA and from moneys held in certain funds and accounts established pursuant to the Indenture. The SFMTA is not obligated to pay the principal of or interest on the Series 2016 Bonds from any source of funds other than Pledged Revenues and amounts on deposit in certain funds and accounts held under the Indenture and subject to the terms thereof. The General Fund of the City is not liable for the payment of the principal of or interest on the Series 2016 Bonds, and neither the credit nor the taxing power of the City is pledged to the payment of the principal of or interest on the Series 2016 Bonds. The Series 2016 Bonds are not secured by a legal or equitable pledge of, or charge, lien, or encumbrance upon, any of the property of the City or of the SFMTA or any of its income or receipts, except Pledged Revenues and amounts on deposit in certain funds and accounts held under the Indenture and subject to the terms thereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." The SFMTA has no taxing power. In case of default by the SFMTA in the payment of principal of and interest on the Bonds, the remedies of the Bondholders may be limited.

Limitation on Remedies

The Indenture provides only limited remedies to Bondholders in the event of a default by the SFMTA. The enforceability of the rights and remedies of the owners of the Bonds and the Trustee under the Indenture in the event of a default by the SFMTA may be subject to the following: limitations on legal remedies available against public agencies in the State; the federal bankruptcy code and other bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; principles of equity which may limit the specific enforcement under State law of certain remedies; and the delay and uncertainty inherent in legal proceedings. The enforceability opinion of Co Bond Counsel will be made subject to such limitations on remedies. See Appendix G—"PROPOSED FORM OF LEGAL OPINION OF CO BOND COUNSEL" herein.

Reliance Upon Grants and City General Fund Transfers

Operating Grants and City General Fund Transfers. The SFMTA relies on operating grants and transfers from the City's General Fund to cover operating expenses and other amounts payable from the Municipal Transportation Fund. The City General Fund transfers to the SFMTA are made in accordance with certain provisions on the City Charter. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—City General Fund Transfers" and "—Federal, State Regional and Local Grants." There can be no assurances that such Charter provisions will not be amended. See "— Change in Law; Local Initiatives."

Grants To Address Capital Needs. The SFMTA relies primarily on federal, State and regional grants to address capital needs. The budget for certain major capital projects, such as the Central Subway Project, includes grant funding that has not yet been disbursed to the SFMTA; and the disbursement of such grant funds remains subject to the satisfaction of certain conditions and, in some cases, to appropriation. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Federal, State Regional and Local Grants," "—Capital Program—Current Projects—Central Subway Project" and "—Capital Program—Funding of Capital Improvements."

Certain Impacts of Failure To Receive and Apply, or Delay in Receipt and Application of, Grant Funding. The continuation of federal, State, regional and local grant programs to fund both operational and capital needs, and the timely disbursement of such funding, is not assured. Such grants are generally subject to the availability and appropriation of funds as well as to satisfaction of various conditions specified in connection with the grant. For example, appropriation and disbursement of certain federal grant funds the SFMTA receives generally requires the federal government to enact an appropriations bill or a continuing appropriations act. The SFMTA's financial condition was not, however, materially impacted by the failure of the United States Congress to pass an appropriations bill or a continuing appropriations act until the passage of H.R. 2775 on October 16, 2013, which failure resulted in the shutdown of many non-essential operations of the federal government beginning October 1, 2013 and continuing through October 17, 2013. In addition, should grant conditions fail to be satisfied, granting agencies may not disburse, may cease disbursing or may delay disbursement of such funds to the SFMTA, and, in some circumstances, the SFMTA could be obligated to reimburse all or a portion of previously disbursed grant funds to the grantor agency. Should the SFMTA for any reason be unable to obtain and apply funds from such grant programs on a timely basis or become obligated to reimburse any portion of such funds, including as a result of any failure to satisfy specified conditions of such grants, it could adversely affect the SFMTA's operations or its Capital Program or both, and could have a material adverse impact on the SFMTA's financial condition.

Physical Condition of the SFMTA Assets

The physical condition of the SFMTA's current assets varies broadly. Although most of the SFMTA's capital assets are within their design life, the SFMTA, like most other large transit agencies, has a backlog of deferred investment and a number of facilities that require renovation or seismic improvement. For example, two of the SFMTA's key subway tunnels were constructed in the early twentieth century and five garages with a combined 7,196 spaces are over fifty years old. Certain overhead power lines, which require periodic rehabilitation and replacement, have been in place since, or were last rehabilitated as early as, 1973, although the SFMTA's ongoing transit fixed guideway program includes a number of capital projects to systematically rehabilitate or replace these assets.

See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Transit—Transit Operations", "– Parking and Traffic Functions—Parking Garages" and "– Capital Program—State of Good Repair Analysis." Assets kept in operation beyond their design life are less reliable, resulting in increased maintenance and operations expenses and limitations on the SFMTA's ability to deliver service. Such assets are also more vulnerable to casualty loss. See "– Seismic Risks" and "– Casualty Losses." Although the SFMTA is working to address these issues, if the SFMTA is unable to continue to obtain significant funding to address capital needs, more of the SFMTA's asset base will age beyond its design life and the SFMTA's ability to generate operating revenues may be adversely affected.

Construction Risk

The SFMTA is undertaking a number of construction projects, the most significant of which is the Central Subway Project. The Central Subway Project is a major undertaking involving complex engineering and coordination of underground and surface activities. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Capital Program—Current Projects—Central Subject Project" and, specifically, "—Certain Central Subway Project Risks and Risk Management." Construction of SFMTA facilities is also subject to ordinary construction risks and delays applicable to projects of their kind, such as (i) inclement weather affecting contractor performance and timeliness of completion, which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors; (ii) contractor claims or nonperformance; (iii) failure of contractors to execute within contract price; (iv) work stoppages or slowdowns; (v) failure of contractors to meet schedule terms; or (vi) unanticipated project site conditions, including the discovery of hazardous materials on the site or other issues regarding compliance with applicable environmental standards, and other natural hazards or seismic events encountered during construction. Increased construction costs or delays could impact the SFMTA's financial condition in general and the implementation of its capital programs in particular.

Increased Operation and Maintenance Expenses

In addition to paying debt service on the Series 2016 Bonds, the SFMTA uses amounts in the Municipal Transportation Fund for the payment of the operation and maintenance expenses of the SFMTA. There can be no assurance that the operation and maintenance expenses of the SFMTA, such as wages and salaries, pension and other benefits, or diesel fuel and electricity costs, will not increase substantially. The SFMTA has a limited ability to increase its rates and charges, and in all cases such increases are subject to prevailing market conditions which could reduce the market demand for the SFMTA's services. The SFMTA may, however, also address substantial increases in costs through service reductions. See "SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Operating and Maintenance Expenses" herein.

Labor Actions

The Charter prohibits SFMTA and other City employees from striking. Nonetheless a work stoppage or other labor action may limit the SFMTA's ability to operate Muni or the parking garages, and have a significant adverse impact on Pledged Revenues. See "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Labor Relations—Employee Relations."

Statutory and Regulatory Compliance

The SFMTA is subject to a variety of State and federal statutory and regulatory requirements. The SFMTA's failure to comply with applicable laws and regulations could result in significant fines and penalties and, changes in the scope and standards for the activities undertaken by the SFMTA may also lead to administrative orders issued by federal or State regulators. Changes in statutory or regulatory requirements or the issuance of new administrative orders could impact the SFMTA's operation of the Transportation System and compliance with such charges or orders could impose substantial additional costs or operations or require significant capital expenditures.

Safety and Security

The safety of the facilities of the SFMTA is maintained via a combination of regular inspections by SFMTA employees, electronic monitoring, and analysis of unusual incident reports. All above-ground facilities operated and maintained by the SFMTA are controlled access facilities with fencing, gates, closed circuit television systems and security officers at certain points. Smaller facilities operated and maintained by the SFMTA are locked with padlocks or internal locking mechanisms, and most are monitored via access/intrusion alarms. Security improvements are evaluated on an ongoing basis. Electronic operations and controls have been evaluated and exposure reduced through a series of technology systems enhancements and integration.

Military conflicts and terrorist activities may adversely impact the operations of the SFMTA's systems or the finances of the SFMTA. Mass transit facilities and vehicles have in the past been the target of terrorist attacks. The SFMTA continually plans and prepares for emergency situations and immediately responds to ensure services are maintained.

However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that hostile or terrorist activities are directed against the assets of the SFMTA or that the costs of such security measures will not be greater than presently anticipated.

Casualty Losses

The SFMTA's facilities and its ability to generate Pledged Revenue from its properties are also at risk from events of force majeure, such as extreme weather events and other natural occurrences, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots and from torts, including theft, damage and destruction of assets, business interruption and omission, injuries to employees and others. While the SFMTA has attempted to address the risk of a loss from many of these sorts of occurrences through its risk management program, which includes both self-insured and insured coverages, the program does not provide for every conceivable risk of loss. Damage attributable to seismic events and environmental pollution, for example, are excluded. In situations where the SFMTA has not purchased commercial coverage, the SFMTA has a 'self-retention' program that is administered and retains budgeted resources internally to provide coverage for loss liabilities. See also "SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Risk Management and Insurance." The SFMTA is not required to either insure against or self-insure against every potential risk of loss and there is a risk that damage or destruction of its property and equipment could occur for which no insurance or self-insurance funds will be available. There can be no assurance that insurance providers will pay claims under any policies promptly or at all, should a claim be made under such policies in connection with property loss or damage. It is possible that an insurance provider will refuse to pay a claim, especially if it is substantial, and force the SFMTA to sue to collect on or settle the insurance claim. Further, there can be no assurances that any insurance proceeds will be sufficient to rebuild or replace any damaged property.

Notwithstanding that the SFMTA may seek recovery under its insurance policies in the event of the occurrence of an insured loss, there exists the possibility that an insurer may deny coverage and refuse to pay a claim and there is an attendant risk of litigation and delay in receipt of any loss claim payment. In the event of damage to the SFMTA's facilities, the collection of fees and charges for the use of the Transportation System and other amounts comprising the Pledged Revenues could be impaired for an undetermined period.

Seismic Risks

The City and the Transportation System are located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes about three miles to the southeast of the border of the SFMTA's service area, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away. Significant recent seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses and structural damage to buildings and highways in the City and environs. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. See "—Casualty Losses."

Because science relating to prediction of seismic events is inexact, the SFMTA is unable to predict the likelihood of a significant earthquake or the effects of any such earthquake on the Transportation System or Pledged Revenues. In a variety of reports, however, the U.S. Geological Survey ("U.S.G.S.") has noted the potential for significant seismic events in the San Francisco Bay Area. As one example, a 2008 report by the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S.G.S., the California Geological Society, and the Southern California Earthquake Center) estimated that there was a greater than 60% chance that one or more earthquakes of magnitude 6.7 or larger would occur in the Bay Area before the year 2038, a period ending prior to the final scheduled maturity of the Series 2016 Bonds. An earthquake of such magnitude or larger would likely be very destructive. In addition to the potential damage to SFMTA-owned buildings, facilities, fixtures, rail lines and equipment (on which the SFMTA does not generally carry earthquake insurance), a major earthquake anywhere in the Bay Area may cause significant temporary and possibly longer-term harm to the City's economy, tax receipts and residential and business real property values, with uncertain but potentially significant corresponding negative impacts on the operations and revenues of the SFMTA, by harming the City's status as a tourist destination and regional hub of commercial, retail and entertainment activity. In the event of a significant seismic event, the SFMTA would attempt to repair damage to SFMTA facilities as quickly as possible, but the time required to return the facilities to service would depend on the nature and extent of the damage.

State Law Limitations on Appropriations

Article XIII B of the State Constitution limits the amount that local governments can appropriate annually. The ability of the SFMTA to pay principal of and interest on the Series 2016 Bonds may be affected if the City should exceed its appropriations limit. The City does not anticipate exceeding its appropriations limit in the foreseeable future. See Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES—Article XIII B of the California Constitution."

Constitutional and Statutory Restrictions

Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters on November 5, 1996; and Proposition 26, a State ballot initiative known as "Supermajority Vote to Pass New Taxes and Fees Act," was approved by the voters on November 2, 2010.

Among other results, Proposition 218 added Article XIIIC to the California Constitution. Article XIIIC extends the people's initiative power to reduce or repeal previously authorized local taxes, assessments, fees and charges. This extension of the initiative power is not limited by the terms of Article XIIIC to fees, taxes, assessment fees and charges imposed after November 6, 1996 and absent other authority could result in retroactive reduction in any existing taxes, assessments, fees or charges. The courts have not fully interpreted the provisions of, and the SFMTA is unable to predict how courts will in the future interpret, Article XIIIC. It is not clear, for example, whether a purported reduction or repeal by initiative of SFMTA's fares and charges would be valid in a situation in which such fares and charges are pledged to the repayment of bonded indebtedness. Any reduction of SFMTA's fees and charges through the initiative process could have a material adverse impact on Pledged Revenues. Proposition 26 amended Article XIIIC to add additional restrictions on local agencies' ability to impose new, or increase existing, fees and charges.

To the extent that the SFMTA's transit fare revenues do not result in the SFMTA receiving total revenues in excess of the total costs for providing transit service, Proposition 218 and Proposition 26 do not limit the SFMTA's ability to increase transit-related fares.

Change in Law; Local Initiatives

Under the State Constitution, the voters of the State have the ability to initiate legislation and require a public vote on certain categories of legislation adopted by the State Legislature, through the powers of initiative and referendum, respectively. Under the Charter, the voters of the City have similar powers, and can restrict or revise the powers of the SFMTA through the approval of a Charter amendment, or can exercise the power of the SFMTA through the adoption of an initiative ordinance.

The SFMTA is also subject to various laws, rules and regulations adopted by local, State and federal governments and their departments and agencies. The SFMTA is unable to predict the adoption or amendment of any such laws, notes or regulations, or their effect on the operations or financial condition of the SFMTA.

As described in "THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY—Organization and Purpose," the SFMTA has been the subject of three specific charter amendments since 1999. These initiatives have had a variety of impacts on the jurisdiction, funding management and operations of the SFMTA. For example, both Proposition E, adopted in 1999, and Proposition A, adopted in 2007, made significant changes in the funding available to support the activities of the SFMTA and the SFMTA's authority to control transit and other charges that generate revenue for the SFMTA. In addition, Charter Amendments that make citywide changes affecting, for example, employee benefits, as well as ordinances of general application may affect the budget and operations of the SFMTA.

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives, or that the State Legislature or the City's Board of Supervisors will not enact legislation, that amends the laws of the State Constitution or the Charter, respectively, in a manner that could result in a reduction of amounts constituting Pledged

Revenues or a reduction to the City's General Fund revenues, or an increase in Operation and Maintenance and other expenses of the SFMTA, or otherwise impact the ability of the Board to effectively manage the SFMTA, potentially hindering the SFMTA's ability to pay principal of and interest on the Series 2016 Bonds. See, for example, Appendix B—"CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES—CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES—Articles XIII C and XIII D of the California Constitution."

Impact of a City Bankruptcy

The City is authorized under California law to file for bankruptcy protection under chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"). As of the date hereof, there have been no public discussions by any City officials, including the Mayor, the Board of Supervisors or the City Attorney, with respect to any potential chapter 9 filing by the City. Third parties cannot bring involuntary bankruptcy proceedings against the City. The SFMTA, being an enterprise department of the City, cannot itself file for bankruptcy protection. Should the City become a debtor in a bankruptcy proceeding, the owners of the Series 2016 Bonds would continue to have a lien on Pledged Revenues after the commencement of the bankruptcy case provided the Pledged Revenues constitute "special revenues" within the meaning of the Bankruptcy Code. "Special revenues" are defined under the Bankruptcy Code to include, among other things, receipts by local governments from the ownership, operation or disposition of projects or systems that are primarily used to provide transportation services. While the SFMTA believes that Pledged Revenues may constitute "special revenues;" no assurance can be given that a court would not determine otherwise. If Pledged Revenues do not constitute "special revenues," there could be delays or reductions in payments by the SFMTA with respect to the Series 2016 Bonds in connection with a bankruptcy proceeding. Further, even if a court were to determine that the Pledged Revenues were "special revenues," operating expenses may be required to be paid before payments to Owners and such payments may otherwise be delayed.

Accordingly, in addition to the limitations on remedies contained in the Indenture, the rights and remedies in the Indenture may be limited and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights. In addition to any specific determinations by a court in a City bankruptcy proceeding that may be adverse to the SFMTA or the Owners, the mere filing by the City for bankruptcy protection likely would have a material adverse effect on the marketability and the market price of the Series 2016 Bonds.

Loss of Tax Exemption/Risk of Tax Audit of Municipal Issuers

As discussed under "TAX MATTERS", interest with respect to the Series 2016 Bonds could fail to be excluded from the gross income of the owners thereof for purposes of federal income taxation retroactive to the date of the execution and delivery of the Series 2016 Bonds as a result of future acts or omissions of the SFMTA in violation of its covenants to comply with requirements of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, the Series 2016 Bonds are not subject to prepayment or any increase in interest rate.

In December 1999, as a part of a larger reorganization of the Internal Revenue Service ("IRS"), the IRS commenced operation of its Tax Exempt and Government Entities Division (the "TE/GE Division"), as the successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. Public statements by IRS officials indicate that the number of tax-exempt bond examinations is expected to increase significantly under the new TE/GE Division. There is no assurance that, if an IRS examination of the Series 2016 Bonds were undertaken, it would not adversely affect the secondary market value of the Series 2016 Bonds.

Change in Tax Law

As discussed under "TAX MATTERS," current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2016 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest.

Failure to Maintain Credit Ratings

Certain rating agencies have assigned ratings to the SFMTA's Series 2016 Bonds. The ratings issued reflect only the views of such rating agencies. Any explanation of the significance of these ratings should be obtained from the respective rating agencies. The SFMTA undertakes no responsibility to maintain its current credit ratings on the Series 2016 Bonds or to oppose any such downward revision, suspension or withdrawal. See "RATINGS" herein. There is no assurance current SFMTA ratings will continue for any given period or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the respective judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings could be expected to have an adverse effect on the market price of the Series 2016 Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2016 Bonds or, if a secondary market exists, that the Series 2016 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse developments or economic prospects connected with a particular issue, secondary trading practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Uncertainties of Projections, Forecasts and Assumptions

Compliance with certain of the covenants contained in the Indenture is based upon assumptions and projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur and actual results are likely to differ, perhaps materially, from those projected. Accordingly, such projections are not necessarily indicative of future performance, and the SFMTA assumes no responsibility for the accuracy of such projections. See "FORWARD-LOOKING STATEMENTS" on the inside front cover of this Official Statement.

Other Risks

The discussion in this section, "CERTAIN RISK FACTORS," is not meant to be a comprehensive or definitive list of the risks associated with an investment in the Series 2016 Bonds. There may be other risks inherent in ownership of the Series 2016 Bonds in addition to those described in this section. Investors are advised to read the entire Official Statement in order to obtain information necessary to make an investment in the Series 2016 Bonds.

AUDITED FINANCIAL STATEMENTS

Audited Financial Statements of the SFMTA (the "Financial Statements") for the Fiscal Year ended June 30, 2015 are attached as Appendix A. See Appendix A—"SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY, FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015." Such financial statements have been audited by KPMG LLP ("KPMG"), independent certified public accountants. The SFMTA prepares financial statements that are audited annually.

The SFMTA has not requested nor did the SFMTA obtain permission from KPMG to include its report on the audited financial statements in Appendix A to this Official Statement. KPMG has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG also has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE

The SFMTA has covenanted for the benefit of the Owners of the Series 2016 Bonds to provide certain financial information and operating data relating to the SFMTA not later than 270 days after the end of the SFMTA's Fiscal Year (which currently ends on June 30), commencing with the report for Fiscal Year [2015-16] (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the SFMTA with the MSRB through EMMA.

The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in Appendix E—"FORM OF CONTINUING

DISCLOSURE CERTIFICATE". These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The SFMTA is not in default with respect to any previous undertaking made with regard to said Rule.

The SFMTA has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual financial information or notices of material events.

As of the date of this Official Statement, the City has independently undertaken several continuing disclosure obligations and files annual reports through EMMA that include its audited financial statements.

TAX MATTERS

Tax Exemption

The delivery of the Series 2016 Bonds is subject to the opinion of Co-Bond Counsel to the effect that interest on the Series 2016 Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The delivery of the Series 2016 Bonds is also subject to the delivery of the opinion of Co-Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Series 2016 Bonds is exempt from personal income taxes of the State of California. A form of Co-Bond Counsel's opinion is reproduced as Appendix G. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Series 2016 Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the federal alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Co-Bond Counsel will rely upon representations and certifications of the SFMTA made in a certificate dated the date of delivery of the Series 2016 Bonds pertaining to the use, expenditure, and investment of the proceeds of the Series 2016 Bonds and will assume continuing compliance by the SFMTA with the provisions of the Indenture subsequent to the issuance of the Series 2016 Bonds. The Indenture contains covenants by the SFMTA with respect to, among other matters, the use of the proceeds of the Series 2016 Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series 2016 Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Series 2016 Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Series 2016 Bonds.

Co-Bond Counsel's opinion is not a guarantee of a result, but represents their legal judgment based upon their review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the SFMTA described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Co-Bond Counsel, and Co-Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Series 2016 Bonds is commenced, under current procedures the IRS is likely to treat the SFMTA as the "taxpayer," and the owners of the Series 2016 Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series 2016 Bonds, the SFMTA may have different or conflicting interests from the owners of the Series 2016 Bonds. Public awareness of any future audit of the Series 2016 Bonds could adversely affect the value and liquidity of the Series 2016 Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Co-Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Series 2016 Bonds. Prospective purchasers of the Series 2016 Bonds should be aware that the ownership of tax-exempt obligations such as the Series 2016 Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Series 2016 Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2016 Bonds. Prospective purchasers of the Series 2016 Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Series 2016 Bonds

The initial public offering price of certain Series 2016 Bonds (the "Discount Bonds") may be less than the amount payable on such Series 2016 Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Series 2016 Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Series 2016 Bonds (the "Premium Bonds") may be greater than the amount payable on such Series 2016 Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P"), have assigned their municipal bond ratings of "____" and "____," respectively, to the Series 2016 Bonds. Moody's and S&P's rating outlooks with respect to the Series 2016 Bonds are "stable." The ratings and outlooks issued reflect only the views of such rating agencies and are not a recommendation to buy, sell or hold the Series 2016 Bonds. Any explanation of the significance of these ratings and outlooks should be obtained from the respective rating agencies. There is no assurance that such ratings or outlooks will be retained for any given period or that the same will not be revised downward or withdrawn entirely by such rating agencies if, in the respective judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the marketability or the market price of the Series 2016 Bonds.

UNDERWRITING

The Series 2016 Bonds are being purchased by ________ (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Series 2016 Bonds at a purchase price of $_______ (comprised of the principal amount of the Series 2016 Bonds, plus a net reoffering premium on the Series 2016 Bonds of $_______, less an underwriter's discount in the amount of $_______).

The purchase contract pursuant to which the Series 2016 Bonds are being sold provides that the Underwriters will purchase all of the Series 2016 Bonds if any Series 2016 Bonds are purchased, and the obligation to make such purchase is subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the

Series 2016 Bonds to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

The Underwriters provided the information contained in this paragraph and the following paragraph for inclusion in this Official Statement and the SFMTA does not take any responsibility for or make any representation as to its accuracy or completeness. The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the SFMTA, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the SFMTA.

[Disclosure will be revised in the event of a competitive sale.]

ABSENCE OF LITIGATION

The SFMTA is not aware of any litigation pending or threatened questioning the political existence of the City or the SFMTA or contesting the SFMTA's power to fix passenger rates and charges, or in any way questioning or affecting:

(i) the proceedings under which the Series 2016 Bonds are to be issued,

(ii) the validity of any provision of the Series 2016 Bonds or the Indenture,

(iii) the pledge of Pledged Revenues by the SFMTA under the Indenture, or

(iv) the titles to office of the present members of the Board of Supervisors and the Board.

Suits and claims against the City and the SFMTA, which may include personal injury, wrongful death and other suits and claims against which the City and the SFMTA may self-insure, arise in the ordinary course of business. There is no litigation pending, with service of process having been accomplished, against the City or the SFMTA which, if determined adversely to the City or the SFMTA, would in the opinion of the City Attorney materially impair the ability of the SFMTA to pay principal of and interest on the Series 2016 Bonds as they become due..

CERTAIN LEGAL MATTERS

The validity of the Series 2016 Bonds and certain other legal matters are subject to the approving opinions of Norton Rose Fulbright US LLP, Los Angeles, California, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel. Complete copies of the proposed form of Co Bond Counsel opinions are contained in Appendix G hereto, and will be made available to the Underwriters of the Series 2016 Bonds at the time of the original delivery of the Series 2016 Bonds. None of Co-Bond Counsel, Disclosure Counsel or Underwriters' Counsel undertakes any responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the SFMTA by the City Attorney and by Hawkins Delafield & Wood LLP, Disclosure Counsel to the SFMTA. Certain legal matters will be passed upon for the Underwriters by [Underwriter's Counsel].

Hawkins Delafield & Wood LLP has served as disclosure counsel to the SFMTA and in such capacity has advised the SFMTA with respect to applicable securities laws and participated with responsible SFMTA officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Disclosure Counsel is not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and has not undertaken to independently verify any of such statements or information. Rather, the SFMTA is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the issuance of the Series 2016 Bonds, Disclosure Counsel will deliver a letter to the SFMTA which advises the SFMTA, subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to attention of such firm which caused them to believe that this Official Statement as of its date and as of the date of issuance of the Series 2016 Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No purchaser or holder of the Series 2016 Bonds, or other person or party other than the SFMTA, will be entitled to or may rely on such letter of Hawkins Delafield & Wood LLP having acted in the role of Disclosure Counsel to the SFMTA.

ROLE OF THE FINANCIAL ADVISORS

Backstrom McCarley Berry & Co., LLC, San Francisco, California and Public Financial Management, Inc., San Francisco, California are acting as co-financial advisors to the SFMTA with respect to the Series 2016 Bonds (collectively, the "Financial Advisors"). The Financial Advisors have assisted the SFMTA in the preparation of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the Series 2016 Bonds. The Financial Advisors have not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the SFMTA to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisors assume no responsibility for the accuracy or completeness of any of the information contained herein.

The Financial Advisors will not purchase or make a market in any of the Series 2016 Bonds.

A portion of the compensation to be received by the Financial Advisors from the SFMTA for services provided in connection with the planning, structuring, execution and delivery of the Series 2016 Bonds is contingent upon the sale and delivery of the Series 2016 Bonds.

MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof that do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

The appendices to this Official Statement are integral parts of this Official Statement. Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the SFMTA and the purchasers or owners of any of the Bonds. The preparation and distribution of this Official Statement has been authorized by the SFMTA.

APPROVAL AND EXECUTION

The execution and delivery of this Official Statement has been authorized by the Board of Directors of the SFMTA.

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

By: ______________________________
Edward D. Reiskin
Director of Transportation

APPENDIX A

SFMTA AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

APPENDIX B

CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES

APPENDIX C

CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER INVESTMENT POLICY

APPENDIX D

SUMMARY OF THE LEGAL DOCUMENTS

The following is a summary of certain of the definitions and terms of the Indenture of Trust and the Fourth Supplement to Indenture of Trust. The summary is not intended to be comprehensive and investors are advised to refer to the actual executed documents for the complete terms of the documents summarized below. The Indenture of Trust is on file with the Trustee and, following delivery of the Series 2016 Bonds, the Fourth Supplement to Indenture of Trust will be on file with the Trustee.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY REVENUE BONDS, SERIES 2016

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the San Francisco Municipal Transportation Agency (the "SFMTA") pursuant to Section 8A.102(b)(13) of the Charter, an Indenture of Trust, dated as of July 1, 2012 (as amended, the "Master Indenture"), between the SFMTA and U.S. Bank National Association (the "Trustee"), as successor in interest to The Bank of New York Mellon Trust Company, N.A., as trustee, a Fourth Supplement to Indenture of Trust dated as of [Month] 1, 2016 between the SFMTA and the Trustee (the "Fourth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), Ordinance No. 57-12 of the Board of Supervisors adopted on April 19, 2012, Resolution No. _____ of the Board of Supervisors adopted on ________, 2016, and Resolution No. 14-154 of the Board of Directors of the SFMTA (the "Board") adopted on October 21, 2014 in connection with the issuance of the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 (the "Bonds"). The SFMTA covenants and agrees as follows:

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

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

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

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

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

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

"Listed Events" shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Certificate.

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

"Participating Underwriter" shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The SFMTA shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the SFMTA's Fiscal Year (which is June 30), commencing with the report for the [2016-17] Fiscal Year (which is due not later than March 27, [2017]), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the SFMTA, the SFMTA shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that if the audited financial statements of the SFMTA are not available by the date required above for the filing of the Annual Report, the SFMTA shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the SFMTA's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

SECTION 4. Content of Annual Reports. The SFMTA's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

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

(b) an update of the information contained in the following tables:

(i) TABLE 2 – HISTORIC FIXED ROUTE RIDERSHIP BY MODE;

(ii) TABLE 6 – SFMTA HISTORICAL OPERATING REVENUES AND EXPENSES;

(iii) TABLE 7 – PLEDGED REVENUES;

(iv) TABLE 9 – FARE REVENUE, RIDERSHIP AND AVERAGE FARES PER PASSENGER; and

(v) TABLE 17 – SFMTA OPEB ALLOCATIONS AND CONTRIBUTIONS.

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

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

SECTION 5. Reporting of Significant Events.

(a) The SFMTA shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-9 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The SFMTA shall give, or cause to be given, notice of the occurrence of any of the following events numbered 10 16 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

10. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

11. Modifications to rights of Bond holders;

12. Unscheduled or contingent Bond calls;

13. Release, substitution, or sale of property securing repayment of the Bonds;

14. Non-payment related defaults;

15. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

16. Appointment of a successor or additional trustee or the change of name of a trustee.

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

(d) Whenever the SFMTA obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the SFMTA shall determine if such event would be material under applicable federal securities laws.

(e) If the SFMTA learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the SFMTA shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(12) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The SFMTA's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the SFMTA shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

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

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

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

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

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

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

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

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

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

Date: _______, 2016.

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

By_________________________________
Director of Transportation

Approved as to Form:

DENNIS J. HERRERA
CITY ATTORNEY

By:____________________________________
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT A

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

Name of Issuer:	SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
Name of Issue:	SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY REVENUE BONDS, SERIES 2016
Date of Issuance:	________, 2016

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

Dated:______________

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

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

APPENDIX F

DTC AND THE BOOK ENTRY ONLY SYSTEM

The following description of The Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Series 2016 Bonds, payment of principal, interest and other payments on the Series 2016 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series 2016 Bonds 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. Neither the SFMTA nor the Trustee take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal with respect to the Series 2016 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2016 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2016 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current Rules applicable to DTC are on file with the Securities and Exchange Commission and the current Procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Bonds"). The Series 2016 Bonds 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 Bond certificate will be issued for the Series 2016 Bonds, in the aggregate principal amount of such issue, and will be 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. 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 for DTC, National Bonds 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 rating from Standard & Poor's 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 actual Beneficial Owners of the Series 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2016 Bonds 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 SFMTA or Trustee, on payable 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 Participant and not of DTC, Trustee, or SFMTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of SFMTA or Trustee, 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 depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to SFMTA or Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

APPENDIX G

PROPOSED FORM OF LEGAL OPINION OF CO BOND COUNSEL

[To come from Co-Bond Counsel]

FORM OF CONTINUING DISCLOSURE CERTIFICATE

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY REVENUE BONDS, SERIES 2016

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the San Francisco Municipal Transportation Agency (the "SFMTA") pursuant to Section 8A.102(b)(13) of the Charter, an Indenture of Trust, dated as of July 1, 2012 (as amended, the "Master Indenture"), between the SFMTA and U.S. Bank National Association (the "Trustee"), as successor in interest to The Bank of New York Mellon Trust Company, N.A., as trustee, a Fourth Supplement to Indenture of Trust dated as of [Month] 1, 2016 between the SFMTA and the Trustee (the "Fourth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), Ordinance No. 57-12 of the Board of Supervisors adopted on April 19, 2012, Resolution No. _____ of the Board of Supervisors adopted on ________, 2016, and Resolution No. 14-154 of the Board of Directors of the SFMTA (the "Board") adopted on October 21, 2014 in connection with the issuance of the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2016 (the "Bonds"). The SFMTA covenants and agrees as follows:

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

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

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

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

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

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

"Listed Events" shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Certificate.

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

"Participating Underwriter" shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The SFMTA shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the SFMTA's Fiscal Year (which is June 30), commencing with the report for the [2016-17] Fiscal Year (which is due not later than March 27, [2017]), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the SFMTA, the SFMTA shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that if the audited financial statements of the SFMTA are not available by the date required above for the filing of the Annual Report, the SFMTA shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the SFMTA's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

SECTION 4. Content of Annual Reports. The SFMTA's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

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

(b) an update of the information contained in the following tables:

(i) TABLE 2 – HISTORIC FIXED ROUTE RIDERSHIP BY MODE;

(ii) TABLE 6 – SFMTA HISTORICAL OPERATING REVENUES AND EXPENSES;

(iii) TABLE 7 – PLEDGED REVENUES;

(iv) TABLE 9 – FARE REVENUE, RIDERSHIP AND AVERAGE FARES PER PASSENGER; and

(v) TABLE 17 – SFMTA OPEB ALLOCATIONS AND CONTRIBUTIONS.

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

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

SECTION 5. Reporting of Significant Events.

(a) The SFMTA shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-9 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The SFMTA shall give, or cause to be given, notice of the occurrence of any of the following events numbered 10 16 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

10. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

11. Modifications to rights of Bond holders;

12. Unscheduled or contingent Bond calls;

13. Release, substitution, or sale of property securing repayment of the Bonds;

14. Non-payment related defaults;

15. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

16. Appointment of a successor or additional trustee or the change of name of a trustee.

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

(d) Whenever the SFMTA obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the SFMTA shall determine if such event would be material under applicable federal securities laws.

(e) If the SFMTA learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the SFMTA shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(12) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The SFMTA's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the SFMTA shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

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

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

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

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

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

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

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

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

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

Date: _______, 2016.

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

By_________________________________
Director of Transportation

Approved as to Form:

DENNIS J. HERRERA
CITY ATTORNEY

By:_______________________________
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT A

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

Name of Issuer: SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Name of Issue: SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY REVENUE BONDS, SERIES 2016

Date of Issuance: _________, 2016

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

Dated:________________

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

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

OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

May 2, 2016

Angela Calvillo, Clerk of the Board of Supervisors
City Hall, 1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Ms. Calvillo:

Attached is the Mayor's proposed May 1 Budget comprised of the following 13 departments: Airport Commission, Board of Appeals, Child Support Services, Environment, Law Library, the Public Library, Municipal Transportation Agency, Port, Public Utilities Commission, Rent Board, Retirement System, and Office of County Education. Also attached are the following 11 pieces of legislation:

- One supplemental appropriation ordinance for the Two-Year Capital Budgets for the Municipal Transportation Authority (MTA)
- One resolution approving the issuance and sale of revenue bonds by the MTA
- One supplemental appropriation ordinance for Mission Bay Improvement Fund for Warrior Arena Improvement Capital Projects for the MTA
- One supplemental appropriation ordinance for surplus revenue and reappropraition for debt service payment for the Public Library
- Three supplemental appropriation ordinances for the Two-Year Capital Budgets of each of the Public Utilities Commission (PUC) Enterprises – Water, Wastewater, and Hetch Hetchy
- Three resolutions approving the issuance and sale of Power, Water, and Wastewater revenue bonds by the PUC
- One Proposition J Contract/Certification resolution of Specified Contracted-Out Services Previously Approved for Enterprise Departments (MTA, PUC, Airport, and Port)

Additionally, there are two letters attached; one memo form the Controller related to the MTA budget and a release of reserve request for the PUC. We request that all items be scheduled for the May 18, 2016 Budget and Finance meeting.

If you have any questions please feel free to contact me at 554-6253.

Sincerely,

Melissa Whitehouse
Mayor's Budget Director, Acting

cc: Members of the Board of Supervisors
Harvey Rose
Controller

Wong, Linda (BOS)

From:	Diana Scott <dmscott01@yahoo.com>
Sent:	Wednesday, May 25, 2016 12:00 AM
To:	Wong, Linda (BOS)
Cc:	Tang, Katy (BOS); Farrell, Mark (BOS); Yee, Norman (BOS); Kim, Jane (BOS); Wiener, Scott
Subject:	To the Budget and Finance Committee 5/25/16 from Diana Scott - AGAINST ITEMS # 12 and #13 - MTA Appropriation and bond issue
Attachments:	Budget and Finance Committee Letter - for 5-25-16 meeting.docx

FROM: Diana Scott, 3657 Wawona St., San Francisco, CA 94116
TO: Budget & Finance Committee of SF Board of Supervisors
Honorable Supervisors Farrell, Tang, Yee, Kim, and Wiener
FOR MEETING: Wednesday, 5/25/16 10:00 AM (rescheduled from 1:00 pm)
REGARDING: Agenda items #12 (160464) and #13 (160465)
ITEM #12 (160464) - Ordinance appropriating $207,000,000 of Revenue Bond proceeds to the Municipal Transportation Agency for transportation projects and equipment in FY2016-2017.

ITEM # 13 (160465)

	Resolution authorizing the sale, issuance, and execution of one or more series of San Francisco Municipal Transportation Agency Revenue Bonds, in an amount not to exceed $207,000,000, which includes up to $45,000,000 for the Mission Bay Component; and up to $162,000,000 for other projects, such as the light rail vehicle procurement, the Van Ness Transit Improvement Project, and for various financing costs; approving the form of certain financing documents including the official statement, the bond purchase contract, the fourth supplement to indenture of trust, and continuing disclosure certificate; authorizing the taking of appropriate actions in connection therewith, as defined herein; and related matters approving the forms of documents relating thereto; approving the maximum interest thereon; and finding that a portion of the proposed revenue bond issuance is not a project under the California Environmental Quality Act ("CEQA"), and adopting findings under CEQA, CEQA Guidelines, and San Francisco Administrative Code, Chapter 31, for the remaining portion of the proposed bond issuance; and related matters.

I urge you not to approve these resolutions, and to withhold general fund appropriation "not to exceed $207,000 million" from revenue bond sales for the SFMTA (#160464), and to oppose the portion of the bond issue (#160465) -- $48 million -- earmarked for the Van Ness BRT project.

While the SFMTA has an ambitious vision of how to speed up and green San Francisco transit, including consolidating bus stops and eliminating auto traffic, it is neither fiscally sound, neighborhood rider- nor small business-friendly, well-suited to a densely developed city like S.F., nor fiscally sustainable, and likely to exacerbate for at least half a decade – the very global climate change we all seek to avoid. Long associated with gentrification, MTA plans may also increase housing displacement that has become widespread in the Mission.

Concerning finance and human costs:
Citywide MTA "upgrade" plans depend on matching federal, state, and municipal dollars, and borrowing (the proposed $207 bond issue) but still have significant shortfalls and increased routine maintenance costs. Passing the two measures before you, notwithstanding the rosy pictures painted of future "high tech" public transit upgrades here, actually encourages SFMTA to continue all areas of spending and steadily increase its budget, WITH NO SOLID EVIDENCE THAT ITS ENGINEERING- AND CONSTRUCTION-HEAVY FISCAL COMMITMENT WILL SUCCEED. It will, however, clearly add to funding gaps and to the tax burden on San Francisco residents. It is irresponsible, given the shaky revenue projections associated with merely hoped-for-successes. Engineering studies show figures, not what actually happens to urban land, landscape, and residents, due to miscalculated transit dreams! Evidence abounds that shows

shortcomings, sometimes disastrous, of similar plans implemented in other cities; this record never makes its way into EIR engineering diagrams or survey matrices.

ɹditional stop-gap funding has already been factored in to the MTA budget, even prior to voter approval of half-cent sales tax ballot measure to be submitted to voters in November. (This, on top of similar previous tax revenue from Prop. K).

Will each new funding request meet a growing future revenue gap, given the level of anticipated new costs (construction, operation, and maintenance -- the latter, including expensive items like renewing application of red thermoplastic bus lanes)? Will "success" have unanticipated added costs?

Are MTA projected revenues sustainable, if plans to reduce auto traffic actually succeed and revenues from the recently expanded parking meter network diminish, as well as those from camera-generated traffic violation fees, so disproportional to offenses?

More likely, if they fail to reduce auto traffic but slow it to a crawl, will pollution wipe out proposed landscaping "mitigation" as new plantings, along Van Ness and other major arteries aren't likely to survive increased pollution and drought? What about environmental costs of excess watering to nourish young trees over years to maturity? What about pollution's human health costs?

Will ridership, projected to increase with stop consolidation, actually do so, when slowing tech sector growth (and lay-offs) thin out the projected new rider population after the next tech bubble bust?

Current MTA plans – bus- and streetcar-stop consolidation, for example – impose hardships on riders who depend on closely spaced stops to transport groceries along bus routes, and those with limited mobility whose incomes don't enable them to use taxis routinely. Neighborhoods are feeling pain, not only of private buses taking over curbside stops (with BRT lanes planned for the middle of the road), but of creasing small business die-off with the loss of nearby parking. Meanwhile, the need for expensive neo-green" engineering interventions grows exponentially with each new MTA project roll-out. Construction increases greenhouse gases, and mature, high carbon-sequestering trees are sacrificed to a dream.

Articles from other cities about programs the MTA is emulating -- Cleveland and San Jose for example – suggest that current MTA plans are more fantasy than reality and need serious and revision, before the agency literally and figuratively digs holes that will swallow San Francisco!

Please stop this "enterprise agency" from tearing apart the city's diverse fabric, and harming people, neighborhoods and businesses. Its plans are unlikely to generate safer streets or a more livable city, but will most assuredly continue to require regular general fund appropriations and new bond sale infusions, like the ones now proposed – as well as more regressive sales taxes to fill overspending gaps. The money can be better allocated toward improving the lives and health of San Franciscans.

Many believe the MTA is out of control; please reconsider how to achieve less intrusive transit improvements AND RESPONSIBLY REIN IN SPIRALING ENGINEERING COSTS and wasteful MTA spending that these two measures encourage. I urge you: DO NOT APPROVE THESE TWO MEASURES. Instead, require the MTA to heed the public's call to better serve seniors, the very young, and those with mobility issues, and to preserve San Francisco's neighborhoods and transit corridor businesses.

FROM: Diana Scott, 3657 Wawona St., San Francisco, CA 94116

TO: Budget & Finance Committee of SF Board of Supervisors

Honorable Supervisors Farrell, Tang, Yee, Kim, and Wiener

FOR MEETING: Wednesday, 5/25/16 10:00 AM (rescheduled from 1:00 pm)

REGARDING: Agenda items #12 (160464) and #13 (160465)

ITEM #12 (160464) - Ordinance appropriating $207,000,000 of Revenue Bond proceeds to the Municipal Transportation Agency for transportation projects and equipment in FY2016-2017.

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I urge you not to approve these resolutions, and to withhold general fund appropriation "not to exceed $207,000 million" from revenue bond sales for the SFMTA (#160464), and to oppose the portion of the bond issue (#160465) -- $48 million -- earmarked for the Van Ness BRT project.

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Concerning finance and human costs:

Citywide MTA "upgrade" plans depend on matching federal, state, and municipal dollars, and borrowing (the proposed $207 bond issue) but still have significant shortfalls and increased routine maintenance costs. Passing the two measures before you, notwithstanding the rosy pictures painted of future "high tech" public transit upgrades here, actually encourages SFMTA to continue all areas of spending and steadily increase its budget, WITH NO SOLID EVIDENCE THAT ITS ENGINEERING- AND CONSTRUCTION-HEAVY FISCAL COMMITMENT WILL SUCCEED. It will, however, clearly add to funding gaps and to the tax burden on San Francisco residents. It is irresponsible, given the shaky revenue projections associated with merely hoped-for-successes. Engineering studies show figures, not what actually happens to urban land, landscape, and residents, due to miscalculated transit dreams! Evidence abounds that shows shortcomings, sometimes disastrous, of similar plans implemented in other cities; this record never makes its way into EIR engineering diagrams or survey matrices.

Additional stop-gap funding has already been factored in to the MTA budget, even prior to voter approval of half-cent sales tax ballot measure to be submitted to voters in November. (This, on top of similar previous tax revenue from Prop. K).

Will each new funding request meet a growing future revenue gap, given the level of anticipated new costs (construction, operation, and maintenance -- the latter, including expensive items like renewing application of red thermoplastic bus lanes)? Will "success" have unanticipated added costs?

Are MTA projected revenues sustainable, if plans to reduce auto traffic actually succeed and revenues from the recently expanded parking meter network diminish, as well as those from camera-generated traffic violation fees, so disproportional to offenses?

More likely, if they fail to reduce auto traffic but slow it to a crawl, will pollution wipe out proposed landscaping "mitigation" as new plantings, along Van Ness and other major arteries aren't likely to survive increased pollution and drought? What about environmental costs of excess watering to nourish young trees over years to maturity? What about pollution's human health costs?

Will ridership, projected to increase with stop consolidation, actually do so, when slowing tech sector growth (and lay-offs) thin out the projected new rider population after the next tech bubble bust?

Current MTA plans – bus- and streetcar-stop consolidation, for example – impose hardships on riders who depend on closely spaced stops to transport groceries along bus routes, and those with limited mobility whose incomes don't enable them to use taxis routinely. Neighborhoods are feeling pain, not only of private buses taking over curbside stops (with BRT lanes planned for the middle of the road), but of increasing small business die-off with the loss of nearby parking. Meanwhile, the need for expensive neo-"green" engineering interventions grows exponentially with each new MTA roll-out. Construction increases greenhouse gases, and mature, high carbon-sequestering trees are sacrificed to a dream.

Articles from other cities about programs the MTA is emulating -- Cleveland and San Jose for example – suggest that current MTA plans are more fantasy than reality and need serious and revision, before the agency literally and figuratively digs holes that will swallow San Francisco!

Please stop this "enterprise agency" from tearing apart the city's diverse fabric, and harming people, neighborhoods, and businesses. Its plans are unlikely to generate safer streets or a more livable city, but will most assuredly continue to require regular general fund appropriations and new bond sale infusions, like the ones now proposed – as well as more regressive sales taxes to fill overspending gaps. The money can be better allocated toward improving the lives and health of San Franciscans.

Many believe the MTA is out of control; please reconsider how to achieve less intrusive transit improvements AND RESPONSIBLY REIN IN SPIRALING ENGINEERING COSTS and wasteful MTA spending that these two measures encourage. I urge you: DO NOT APPROVE THESE TWO MEASURES. Instead, require the MTA to heed the public's call to better serve seniors, the very young, and those with mobility issues, and to preserve San Francisco's neighborhoods and transit corridor businesses.