

OFFERING MEMORANDUM DATED SEPTEMBER 10, 2013

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

In the opinions of Hawkins Delafield & Wood LLP, San Francisco, California, and Curls Bartling P.C., Oakland, California, Co-Bond Counsel to the SFMTA, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Tax-Exempt Commercial Paper Notes, when issued in accordance with the Tax Certificate of the SFMTA, dated the date of initial issuance of the Tax-Exempt Commercial Paper Notes, and the Issuing and Paying Agent Agreement, will be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Tax-Exempt Commercial Paper Notes, when issued, will not be treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, will be included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Interest on the Taxable Commercial Paper Notes, when issued, will be included in gross income for Federal income tax purposes pursuant to the Code. In addition, in the opinions of Co-Bond Counsel, under existing statutes, interest on the Commercial Paper Notes, when issued, will be exempt from personal income taxes imposed by the State of California. See "TAX MATTERS - TAX-EXEMPT COMMERCIAL PAPER NOTES" and "TAX MATTERS - TAXABLE COMMERCIAL PAPER NOTES" herein.



San Francisco Municipal Transportation Agency

Not to Exceed \$100,000,000

Commercial Paper Notes

Series A-1 (Tax-Exempt)

Series A-2 (Taxable)

Letter of Credit Provider:



STATE STREET.

The San Francisco Municipal Transportation Agency ("SFMTA") Commercial Paper Notes ("Commercial Paper Notes") are special limited obligations of the SFMTA, supported by and payable when due from proceeds of drawings on an irrevocable letter of credit (the "Letter of Credit") issued by State Street Bank and Trust Company (the "Bank") on September 10, 2013. The Letter of Credit will expire, unless earlier terminated or unless renewed or extended, on September 10, 2018.

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

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

Dealers

Loop Capital Markets

Morgan Stanley

Disclaimer



This document provides general information about the San Francisco Municipal Transportation Agency (SFMTA) and its outstanding bonds, notes or other obligations. The information is provided for quick reference only. It is not a summary or a compilation of all information relevant to any particular financial transactions, bonds, notes or other obligations. It does not purport to include every item that may be relevant, nor does it purport to present full and fair disclosure with respect to any financial transactions, bonds, notes or other obligations related to the SFMTA within the meaning of applicable securities laws and regulations.

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SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Not to Exceed \$100,000,000

Commercial Paper Notes

SERIES A-1 (TAX-EXEMPT)

SERIES A-2 (TAXABLE)

INTRODUCTION

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

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

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

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

The information in this Offering Memorandum has been obtained from the SFMTA, the Bank and other sources believed to be reliable. The references herein to the Issuing and Paying Agent Agreement, and the Letter of Credit and Reimbursement Agreement (all as hereinafter defined) do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after the date hereof and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.

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

THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

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

THE COMMERCIAL PAPER NOTES

General

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

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

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

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

Use of Proceeds

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

SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES

The Commercial Paper Notes, as they mature, will be paid from funds drawn by the Issuing and Paying Agent under the Letter of Credit issued by the Bank pursuant to the Letter of Credit and Reimbursement Agreement, dated as of September 1, 2013, (the “*Reimbursement Agreement*”) between the SFMTA and the Bank. The Issuing and Paying Agent will draw upon the Letter of Credit in an amount sufficient to pay both principal of and interest on the Commercial Paper Notes when due. Pursuant to the Issuing and Paying Agent Agreement, the SFMTA has covenanted to maintain in effect the Letter of Credit or an Alternate Facility meeting the requirements of the Issuing and Paying Agent Agreement (see “- Alternate Facility” below) at all times that Commercial Paper Notes are outstanding.

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

The Letter of Credit and Reimbursement Agreement

Capitalized terms used in this section “The Letter of Credit and Reimbursement Agreement” and not otherwise defined shall have the meaning given to such terms as set forth in the Reimbursement Agreement.

The following is a description of certain provisions of the Letter of Credit which will be issued on September 10, 2013 pursuant to the terms of the Reimbursement Agreement. This description is not to be considered to be a full statement of the provisions thereof and accordingly is qualified by reference thereto and is subject to the full text thereof.

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

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

The Letter of Credit shall expire at 5:00 p.m. New York City time on the date (the “*Termination Date*”) which is the earliest of: (i) September 10, 2018 , as such date may be extended upon delivery of a written notice of extension of the Letter of Credit to the Issuing and Paying Agent (the “*Scheduled Termination Date*”); (ii) the date of payment of a drawing, not subject to reinstatement, which when added to all other Drawings honored by the Bank under the Letter of Credit that were not subject to reinstatement, in the aggregate, equals the Stated Amount on the date of issuance of the Letter of Credit or the Stated Amount as adjusted in accordance with the terms thereof; (iii) the date on which the Bank receives a written notice from the Issuing and Paying Agent of its acceptance of an alternate letter of credit in substitution for the Letter of Credit in accordance with the Issuing and Paying Agent Agreement or the date on which there are no longer any Commercial Paper Notes outstanding under the Issuing and Paying Agent Agreement and that the Issuing and Paying Agent elects to terminate the Letter of Credit; or (iv) the earlier of: (a) the fifteenth (15th) calendar day after the date on which the Issuing and Paying Agent receives a written notice from that Bank that an Event of Default has occurred under the Reimbursement Agreement and requesting the Issuing and Paying Agent to make a final payment drawing pursuant to the Letter of Credit to provide for the payment of the principal of and interest to maturity of all outstanding Commercial Paper Notes which are maturing or to thereafter mature (the “*Final Drawing Notice*”) and (b) the date, following receipt of a Final Drawing Notice, upon which the Issuing and Paying Agent has drawn upon the Letter of Credit the amount required thereby and as permitted under the Letter of Credit and the proceeds of such Drawing have been delivered to the Issuing and Paying Agent.

A form of the Letter of Credit is attached to this Offering Memorandum as APPENDIX D.

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

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

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

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

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

(d) The SFMTA shall default in the due performance or observance of any other term, covenant or agreement contained in the Reimbursement Agreement (other than those described in paragraph (a), (b) or (c) of this section), and such failure shall remain unremedied for a period of 30 days after the Bank shall have given the SFMTA and the City written notice of such default; provided, that so long as the SFMTA shall be proceeding with due diligence to remedy any default then such 30 day period shall be extended to the extent as shall be necessary to enable the SFMTA to begin and complete the

remedying of such default through the exercise of due diligence, provided that such period shall not extend more than ninety (90) days after such notice was given unless the SFMTA provides a written explanation that it is has been proceeding with due diligence to cure such default and that additional time is needed to cure such default and the Bank consents to extending such period, such consent not to be unreasonably withheld; or

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

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

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

or any other event occurs or condition exists, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Subordinate Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Subordinate Secured Debt to become due prior to its stated maturity; or

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

(i) The SFMTA shall fail to pay when due an uninsured, final and non-appealable judgment or order against the SFMTA of \$25,000,000 or more which shall be rendered against the SFMTA and such judgment has not been vacated, discharged, satisfied or stayed by the SFMTA within 60 days (provided that judgments payable in installments or which can be financed or paid with the proceeds of insurance in accordance with the Reimbursement Agreement or which can otherwise be legally satisfied shall be deemed satisfied so long as the SFMTA makes arrangements to satisfy such judgment within a reasonable period of time); or

(j) any of Moody's, S&P or Fitch reduces its long-term unenhanced debt rating assigned to any Senior Lien Revenue Bonds (as defined in the Reimbursement Agreement) below "Baa1" (or its equivalent), "BBB+" (or its equivalent) or "BBB+" (or its equivalent) or any of Moody's, S&P or Fitch shall withdraw or suspend such rating.

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

Alternate Facility

The SFMTA may obtain substitute letter of credit or another type of credit or liquidity facility supporting the Commercial Paper Notes (an “Alternate Facility”) to replace the Letter of Credit or Alternate Facility then in effect, so long as (i) there shall be no Commercial Paper Notes outstanding on the effective date of the replacement Alternate Facility, or the maturing principal and accrued interest on all Outstanding Commercial Paper Notes shall have been fully paid with the proceeds of a draw on the Letter of Credit (or the Alternate Facility to be replaced), in which case, such replacement Alternate Facility may be utilized to support the sale of rollover Commercial Paper Notes on such substitution date, and (ii) the Expiration Date with respect to such Alternate Facility shall be no earlier than the earlier of (x) six (6) months after its date, or (y) the Expiration Date set forth in the Letter of Credit (or Alternate Facility then in effect).

Limited Obligations of the SFMTA

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

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

THE BANK

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

State Street Bank and Trust Company (the “Bank”) is a wholly-owned subsidiary of State Street Corporation (the “Corporation”). The Corporation (NYSE: STT) is the world's leading provider of financial services to institutional investors including investment servicing, investment management and investment research and trading. With \$24.37 trillion in assets under custody and administration and \$2.09 trillion in assets under management, the Corporation operates in more than 100 geographic markets worldwide. The consolidated total assets of the Bank as of December 31, 2012 accounted for approximately 98% of the consolidated total assets of the Corporation as of the same date. As of December 31, 2012, the Corporation had consolidated total assets of \$222.23 billion, total deposits (including deposits in non-U.S. offices) of \$164.18 billion, total investment securities of \$121.22 billion, total loans and leases, net of unearned income and allowance for loan losses, of \$12.29 billion and total shareholders' equity of \$20.87 billion.

The Bank's Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices Only -- FFIEC 031 (the “Call Reports”) through December 31, 2012, as submitted through the Federal Financial Institutions Examination Council and provided to the Federal Reserve, are incorporated by reference in this Offering Memorandum and shall be deemed to be a part hereof.

In addition, all Call Reports filed by the Bank pursuant to 12 U.S.C. §324 after the date of this Offering Memorandum shall be deemed to be incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of any such report.

Additional information, including financial information relating to the Corporation and the Bank, is set forth in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2012. The Form 10-K can be found on the Corporation's web site, www.statestreet.com. Such report and all reports filed by the Corporation pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Offering Memorandum are incorporated herein by reference and shall be deemed a part hereof from the date of filing of any such report. The Letter of Credit is an obligation of the Bank and not of the Corporation.

Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Offering Memorandum to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

The Bank hereby undertakes to provide, without charge to each person to whom a copy of this Offering Memorandum has been delivered, on the written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Offering Memorandum by reference, other than exhibits to such documents. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

Neither the Bank nor its affiliates make any representation as to the contents of this Offering Memorandum (except as to the contents under this caption “THE BANK,” to the extent it relates to the Bank), the suitability of the Notes for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations.

THE DEALERS

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

RATINGS

Moody's and S&P have each assigned ratings on the Commercial Paper Notes of "P-1" and "A-1+," respectively. Each of such ratings is based on the understanding that the Letter of Credit has been issued by the Bank. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the agencies at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, New York, New York 10007 and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, 55 Water Street, New York, New York 10004. The SFMTA furnished to such rating agencies certain information and materials regarding the Commercial Paper Notes. In addition, the Bank furnished certain information to such rating agencies regarding the Bank and the Letter of Credit.

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

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

ABSENCE OF LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body pending or, to the best of the knowledge of the SFMTA after reasonable investigation, threatened in any way (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Commercial Paper Notes, or (ii) challenging the validity of the Commercial Paper Notes.

TAX MATTERS – TAX-EXEMPT COMMERCIAL PAPER NOTES

Opinions of Co-Bond Counsel

In the opinions of Hawkins Delafield & Wood LLP, San Francisco, California, and Curls Bartling P.C., Oakland, California, Co-Bond Counsel to the SFMTA, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Commercial Paper Notes Series A-1 (Tax-Exempt) (the "*Tax-Exempt Commercial Paper Notes*") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and (ii) interest on the Tax-Exempt Commercial Paper Notes is not treated as a preference item in calculating the alternative minimum tax imposed on

individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering their opinions, Co-Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the SFMTA in connection with the Tax-Exempt Commercial Paper Notes, and Co-Bond Counsel has assumed compliance by the SFMTA with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Commercial Paper Notes from gross income under Section 103 of the Code. Co-Bond Counsel notes that the Tax-Exempt Notes program will have a maximum term for Federal income tax purposes of eighteen (18) months from the date hereof, unless and to the extent a new program is established by the SFMTA by execution of a new tax certificate and certain other related documents.

In addition, in the opinions of Co-Bond Counsel to the SFMTA, under existing statutes, interest on the Tax-Exempt Commercial Paper Notes is exempt from personal income taxes imposed by the State of California.

Co-Bond Counsel express no opinion regarding any other Federal or state tax consequences with respect to the Tax-Exempt Commercial Paper Notes. Co-Bond Counsel renders their opinions under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement their opinions to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to their attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Co-Bond Counsel express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Commercial Paper Notes, or under state and local tax law. The foregoing is a summary of the opinions expressed by Co-Bond Counsel and does not include the qualifications and exceptions taken thereby. See APPENDIX C – FORM OF OPINIONS OF CO-BOND COUNSEL.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Commercial Paper Notes in order that interest on the Tax-Exempt Commercial Paper Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Tax-Exempt Commercial Paper Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Tax-Exempt Commercial Paper Notes to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The SFMTA has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Commercial Paper Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Tax-Exempt Commercial Paper Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Tax-Exempt Commercial Paper Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Tax-Exempt Commercial Paper Notes.

Prospective owners of the Tax-Exempt Commercial Paper Notes should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Tax-Exempt Commercial Paper Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Tax-Exempt Commercial Paper Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Tax-Exempt Commercial Paper Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Tax-Exempt Commercial Paper Notes from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Tax-Exempt Commercial Paper Notes under Federal or state law or otherwise prevent beneficial owners of the Tax-Exempt Commercial Paper Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Tax-Exempt Commercial Paper Notes. For example, the Fiscal Year 2014 Budget proposed on April 10, 2013, by the Obama Administration recommends a 28% limitation on itemized deductions and "tax preferences," including "tax-exempt interest." The net effect of such proposal, if enacted into law, would be that an owner of a Tax-Exempt Commercial Paper Note with a marginal tax rate in excess of 28% would pay some amount of federal income tax with respect to the interest on such Tax-Exempt Commercial Paper Note.

Prospective purchasers of the Tax-Exempt Commercial Paper Notes should consult their own tax advisors regarding the foregoing matters.

TAX MATTERS - TAXABLE COMMERCIAL PAPER NOTES

Taxable Commercial Paper Notes

Interest on the Commercial Paper Notes Series A-2 (Taxable) (the “*Taxable Commercial Paper Notes*”) is included in gross income for Federal income tax purposes pursuant to the Code. In the opinions of Co-Bond Counsel, interest on the Taxable Commercial Paper Notes is exempt, under existing statutes, from personal income taxes imposed by the State of California.

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of Taxable Commercial Paper Notes by original purchasers of the Taxable Commercial Paper Notes who are “U.S. Holders”, as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Commercial Paper Notes will be held as “capital assets”; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Commercial Paper Notes as a position in a “hedge” or “straddle”, holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Taxable Commercial Paper Notes in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Taxable Commercial Paper Notes should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Commercial Paper Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Acquisition Discount on Short-Term Federally Taxable Commercial Paper

Each holder of Taxable Commercial Paper Notes with a maturity not longer than one year (“*Short-Term Taxable Commercial Paper Notes*”) is subject to rules of Sections 1281 through 1283 of the Code, if such holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if Short-Term Taxable Commercial Paper Notes is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Short-Term Taxable Commercial Paper Notes accrues on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant interest rate basis using daily compounding. “Acquisition discount” means the excess of the principal and interest due on Short-Term Taxable Commercial Paper Notes at maturity over the holder’s tax basis therefor.

A holder of Short-Term Taxable Commercial Paper Notes not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the holder’s regular method of tax accounting, unless such holder irrevocably elects to accrue acquisition discount currently.

Disposition and Defeasance

Generally, upon the sale, exchange, or other disposition (which would include a legal defeasance) of a Taxable Commercial Paper Note, a holder generally will recognize taxable gain or loss in an amount

equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Taxable Commercial Paper Note.

The SFMTA may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Commercial Paper Notes to be deemed to be no longer outstanding under the Issuing and Paying Agent Agreement (a "*defeasance*"). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Commercial Paper Notes subsequent to any such defeasance could also be affected.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the accrual of original issue discount on a Taxable Commercial Paper Note and the proceeds of the sale of a Taxable Commercial Paper Note before maturity within the United States. Backup withholding may apply to holders of Taxable Commercial Paper Notes under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Taxable Commercial Paper Note that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the SFMTA to control all substantial decisions of the trust.

IRS Circular 230 Disclosure

The advice under the caption, "TAX MATTERS - TAXABLE COMMERCIAL PAPER NOTES", concerning certain income tax consequences of the acquisition, ownership and disposition of the Taxable Commercial Paper Notes, was written to support the marketing of the Taxable Commercial Paper Notes. To ensure compliance with requirements imposed by the Internal Revenue Service, Co-Bond Counsel informs you that (i) any Federal tax advice contained in this offering memorandum (including any attachments) or in writings furnished by Co-Bond Counsel to the SFMTA is not intended to be used, and cannot be used by any noteholder, for the purpose of avoiding penalties that may be imposed on the noteholder under the Code, and (ii) the noteholder should seek advice based on the noteholder's particular circumstances from an independent tax advisor.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, could affect the market price or marketability of the Taxable Commercial Paper Notes.

Prospective purchasers of the Taxable Commercial Paper Notes should consult their own tax advisors regarding the foregoing matters.

A copy of the form of opinion of Co-Bond Counsel is attached hereto as APPENDIX C.

LEGAL MATTERS

Upon the issuance of the Commercial Paper Notes, Hawkins Delafield & Wood LLP, San Francisco, California, and Curls Bartling P.C., Oakland, California, Co-Bond Counsel, will render the legal opinion described in “TAX MATTERS - TAX-EXEMPT COMMERCIAL PAPER NOTES” and “TAX MATTERS - TAXABLE COMMERCIAL PAPER NOTES” above, the form of which is set forth in Appendix C hereto. Co-Bond Counsel is not passing upon, and undertakes no responsibility for, the accuracy, completeness or fairness of the information contained in this Offering Memorandum. Certain legal matters in connection with the Reimbursement Agreement and the Letter of Credit are subject to the approval of Chapman and Cutler LLP, as special counsel to the Bank. Certain legal matters in connection with the Commercial Paper Notes are subject to the approval of the City Attorney for the City.

ADDITIONAL INFORMATION

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

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

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

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

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APPENDIX A

BOOK-ENTRY SYSTEM FOR COMMERCIAL PAPER NOTES

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. 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 Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by reference.

Purchases of the Commercial Paper Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Commercial Paper Notes on DTC’s records. The ownership interest of each actual purchaser of each Commercial Paper Note (the “*Beneficial Owner*”) is in turn recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmations from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Commercial Paper Notes are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Commercial Paper Notes, except in the event that use of the book-entry system for the Commercial Paper Notes is discontinued.

To facilitate subsequent transfers, all Commercial Paper Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as

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

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

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

Payments of principal of and interest on the Commercial Paper Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuing and Paying Agent or the SFMTA on the 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 Direct or Indirect Participant and not of DTC (or its nominee), the SFMTA or the Issuing and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuing and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE ISSUING AND PAYING AGENT AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE ISSUING AND PAYING AGENT AGREEMENT

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

Definitions

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

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

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

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

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

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

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

“Bank” means State Street Bank and Trust Company, or any other entity that provides an Alternate Facility then outstanding and effective under the Issuing and Paying Agent Agreement.

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

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

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

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

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

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

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

“Closing Costs Requisition” means the written direction or directions of the Agency to pay closing costs of the Commercial Paper Notes from the Closing Costs Account delivered to the Trustee on or after September 10, 2013 pursuant to the Issuing and Paying Agent Agreement.

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

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

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

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

“Dealer Agreement” means the Dealer Agreement, dated as of September 1, 2013 by and between the Agency and Loop Capital Markets LLC and the Dealer Agreement, dated as of

September 1, 2013, by and between the Agency and Morgan Stanley & Co. LLC, and any and all modifications, alterations, amendments and supplements thereto, or any other dealer agreement entered into by the Agency and a Dealer with respect to the Commercial Paper Notes.

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

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

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

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

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

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

“Fee Agreement” means the Fee Agreement, dated September 10, 2013, between the Agency and the Bank, as amended and supplemented from time to time.

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

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

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

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

America, and rated in a rating category at least as high as obligations of the United States America.

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

“Initial Letter of Credit” means the Irrevocable Letter of Credit, dated September 10, 2013, issued by the Bank to the Issuing and Paying Agent pursuant to the terms of the Reimbursement Agreement to support the Commercial Paper Notes.

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

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

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

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

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

“Maximum Interest Rate” means 12% per annum.

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

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

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

“Offering Memorandum” means the Offering Memorandum relating to the Commercial Paper Notes dated September 10, 2013.

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

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

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

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

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

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

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

(a) Government Obligations and Government Certificates.

(b) Obligations issued or guaranteed by any of the following:

(i) Export-Import Bank of the United States;

(ii) Farmers Home Administration;

(iii) Federal Farm Credit System;

(iv) Federal Financing Bank;

- (v) Federal Home Loan Bank System;
- (vi) Federal Home Loan Mortgage Corporation;
- (vii) Federal Housing Administration;
- (viii) Federal National Mortgage Association;
- (ix) Government National Mortgage Association;
- (x) Private Export Funding Corporation
- (xi) Resolution Funding Corporation;
- (xii) Student Loan Marketing Association; and
- (xiii) any other instrumentality or agency of the United States.

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

- (i) such obligations are: (A) not subject to redemption prior to maturity or the Issuing and Paying Agent has been given irrevocable instructions concerning their calling and redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
- (ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal and premium payments of such obligations;
- (iii) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such prerefunded obligations) are sufficient to meet the liabilities of the obligations;
- (iv) the Government Obligations or Government Certificates serving as security for the obligations have been irrevocably deposited with and are held by an escrow agent or trustee; and
- (v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.

(d) Direct and general long-term obligations of any state of the United States of America or the District of Columbia (a "State") to the payment of which the full faith and credit of such State is pledged and that are rated at the time of purchase of the investment in either of

the two highest rating categories by the Rating Agencies then rating the Commercial Paper Notes.

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

(f) Interest-bearing demand or time deposits or overnight bank deposits with, or banker's acceptances from, state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") including those of the Issuing and Paying Agent or any of its affiliates. Such deposits must be at least one of the following: (i) continuously and fully insured by FDIC; (ii) if they have a maturity of one year or less, with or issued by banks that are rated in one of the two highest short term rating categories by the Rating Agencies then rating the Commercial Paper Notes; (iii) if they have a maturity longer than one year, with or issued by banks that are rated at the time of purchase of the investment in one of the two highest rating categories by the Rating Agencies then rating the Commercial Paper Notes; or (iv) fully secured by Government Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party must have a perfected first lien in the Government Obligations and Government Certificates serving as collateral, and such collateral must be free from all other third party liens.

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

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

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

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

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

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

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

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

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

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

“Project” means any lawful expenditure of the Agency.

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

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

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

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

“Reimbursement Agreement” means (i) the Letter of Credit and Reimbursement Agreement, dated as of September 1, 2013, between the Agency and the Bank, as amended, supplemented and modified from time to time, in accordance with the provisions thereof, and (ii)

any similar document entered into with respect to the issuance of a subsequent Alternate Facility. All references to obligations of the Agency under the Reimbursement Agreement and the Fee Agreement in the Issuing and Paying Agent Agreement shall be deemed to include the Agency's obligations under the Bank Note.

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

"Senior Lien Revenue Bonds" means all bonds outstanding on September 10, 2013 or thereafter issued by the Agency with a pledge or lien on Transportation System Revenues senior to the lien on Available Transportation System Revenues securing the Commercial Paper Notes and the Obligations, including without limitation the Series 2012 Bonds.

"Senior Lien Revenue Bonds Indenture" means the Indenture of Trust, dated as of July 1, 2012, as supplemented from time to time, including by the First Supplemental Indenture of Trust, dated as of July 1, 2012, by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

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

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

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

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

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

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

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

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

“Transportation System Revenues” means the Pledged Revenues, as defined in the Senior Lien Revenue Bonds Indenture, which definition, as of September 10, 2013, provides the following (all defined terms in the following definition shall have the meaning set forth in the Senior Lien Revenue Bonds Indenture): Pledged Revenues shall mean all revenue of the SFMTA from or with respect to its management, supervision, operation and control of the Transportation System of the City, as determined in accordance with generally accepted accounting principles. Pledged Revenues shall include, but not be limited to, (i) grants or transfers funded pursuant to the Transportation Development Act (Sections 99200 et seq. of the California Public Utilities Code) and AB 1107 (Sections 29140 et seq. of the Public Utilities Code) and (ii) SFMTA parking meter revenues (but only to the extent Bonds or other Parity Obligations have financed traffic regulation and control functions). Pledged Revenues shall not include: (a) Special Facility Revenue and any interest income or profit realized from the investment thereof, unless such receipts or a portion thereof are designated as Pledged Revenues by the SFMTA, (b) grants or contributions, which by their terms would be restricted to uses inconsistent with the payment of the Bonds, (c) any state or federal grant (except for grants or transfers funded pursuant to the Transportation Development Act or AB 1107) unless such grant by its terms may be used to pay debt service and is designated as Pledged Revenues in a Supplemental Indenture or certificate of an Authorized SFMTA Representative, (d) any amounts transferred to the SFMTA from the City’s General Fund and any amounts in the SFMTA General Fund Transfer Account or (e) SFMTA parking meter revenues allocable to all or a portion of any Bonds or Parity Obligations that have not financed traffic regulation and control functions.

THE ISSUING AND PAYING AGENT AGREEMENT

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

General Authorization and Issuance; the Commercial Paper Notes

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

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

The Commercial Paper Notes shall be dated the date of their respective authentication and issuance; shall be issued in registered form, shall be issued in denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof. The Commercial Paper Notes (i) shall bear interest payable at maturity at an annual rate (calculated on the basis of the actual number of days elapsed and a year consisting of 365 or 366 days, as applicable), not to exceed the Maximum Interest Rate, (ii) shall mature on a Business Day not more than 270 days after their respective dates, but in no event later than the Business Day immediately preceding the Commitment Expiration Date, and (iii) shall be sold by a Dealer pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof. The stated interest rate, maturity date and other terms of each Commercial Paper Note shall be as set forth in the Issuance Request required by the Issuing and Paying Agent Agreement directing the issuance of such Commercial Paper Note; provided that such Issuance Request is consistent with the terms thereof.

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

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

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

The principal of and the interest on the Commercial Paper Notes shall be payable at the Principal Office of the Issuing and Paying Agent on or before the close of business on any Business Day upon which such Commercial Paper Notes have become due and payable, *provided* that such Commercial Paper Notes are presented and surrendered on a timely basis. Upon presentation of such a Commercial Paper Note to the Issuing and Paying Agent by 9:00 a.m. (New York City time) on a Business Day, payment for such Commercial Paper Note shall be made by the Issuing and Paying Agent in immediately available funds on such Business Day. If a Commercial Paper Note is presented for payment after 9:00 a.m. (New York City time) on a Business Day, payment therefor may be made by the Issuing and Paying Agent on the next succeeding Business Day without the accrual of additional interest thereon.

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

Funds and Accounts; Application of Note Proceeds

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

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

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

(c) A Closing Costs Account.

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

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

Second: to make payments on outstanding Advances; and

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

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

On or before 11:30 a.m. (New York City time) on the maturity date of each maturing Commercial Paper Note, the Issuing and Paying Agent shall submit to the Bank a request to

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

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

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

If, on the maturity date of any Commercial Paper Note, the Bank fails to honor a draw under the Letter of Credit, the Agency shall transfer to the Issuing and Paying Agent for deposit into the Debt Service Account sufficient funds from Available Transportation System Revenues, together with any other amounts on deposit in the Debt Service Account, to pay in full each maturing Commercial Paper Note on such date, which funds the Issuing and Paying Agent shall so deposit and shall so apply.

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

Draws Under the Letter of Credit. As a beneficiary of the Letter of Credit, the Issuing and Paying Agent agrees to take such action as necessary so as to assure timely payment under the Letter of Credit (to the extent permitted by law) for the benefit of the Holders, from time to time, of the Commercial Paper Notes. On or before each maturity date for any Commercial Paper Note, in the manner described in the Issuing and Paying Agent Agreement, an authorized officer of the Issuing and Paying Agent shall present all required drawing certificates and accompanying documentation, if required, to the Bank and demand payment be made under the Letter of Credit on such maturity date at such time and in such amount so as to be timely and sufficient to pay the entire amount of principal becoming due on all Commercial Paper Notes on such date; *provided*, that in each case, any certificates of the Issuing and Paying Agent shall be signed by one who states therein that such person is a duly authorized officer of the Issuing and Paying Agent. All draw proceeds of the Letter of Credit shall be held in the Letter of Credit Proceeds Account and no other amounts shall be commingled in such Account).

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

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

Application of Moneys in Closing Costs Account. On or after September 10, 2013, the Agency shall transfer to the Issuing and Paying Agent for deposit into the Closing Costs Account an amount sufficient to pay the closing costs of the Commercial Paper Notes detailed in the Closing Costs Requisition or Requisitions, and the Issuing and Paying Agent shall pay such costs from the Closing Costs Account as provided in the Closing Costs Requisition.

Investments Authorized. Money held by the Issuing and Paying Agent in any fund or account under the Issuing and Paying Agent Agreement shall be invested by the Issuing and Paying Agent in Permitted Investments pending application as provided therein solely at the written direction of a Authorized Agency Representative, shall be registered in the name of the Issuing and Paying Agent where applicable, as Issuing and Paying Agent, and shall be held by the Issuing and Paying Agent. Money held in any fund, account, or subaccount thereunder (other than the Rebate Fund) may be commingled for purposes of investment only; *provided, however*, that each fund, account, or subaccount held by the Issuing and Paying Agent thereunder shall be accounted for separately and *provided, further*, that moneys in the Debt Service Account and the Letter of Credit Proceeds Account shall not be invested or commingled.

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

Covenants; Representations

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

Issuing and Paying Agent Agreement it is necessary to restrict or to limit the yield on the investment of any moneys held thereunder, the Agency shall take such action as may be necessary in accordance with such opinion.

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

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

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

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

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

Pledge of Available Transportation System Revenues

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

- (a) amounts on deposit from time to time in the Funds and Accounts created pursuant to the Issuing and Paying Agent Agreement, including the earnings thereon, subject to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth in the Issuing and Paying Agent Agreement;
- (b) amounts constituting Available Transportation System Revenues in the Enterprise Account or otherwise available; and
- (c) any and all other property of any kind from time to time conveyed, pledged, assigned or transferred, as and for additional security under the Issuing and Paying Agent Agreement for the Commercial Paper Notes.

The pledge of the Available Transportation System Revenues and other moneys and property described above shall be irrevocable until all of the Commercial Paper Notes have been paid and retired and all obligations of the Agency under the Issuing and Paying Agent Agreement, the Reimbursement Agreement and the Fee Agreement, without priority or distinction of one over the other, except as expressly provided by the Issuing and Paying Agent Agreement, have been met. Such pledge shall be valid and binding from and after the date of the Issuing and Paying Agent Agreement and all Available Transportation System Revenues shall immediately be subject to the lien of such pledge as and when received by the Agency, without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency.

All Commercial Paper Notes issued under the Issuing and Paying Agent Agreement and at any time Outstanding shall be equally and ratably secured with all Parity Obligations, with the

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

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

Events of Default and Remedies of Commercial Paper Noteholders

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

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

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

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

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

If the Bank becomes insolvent or for any reason fails to honor a properly presented draw under the Letter of Credit or Alternate Facility and there is a default in the payment of principal or interest on the Commercial Paper Notes as provided in subsections (a) or (b) above, the Issuing and Paying Agent shall declare the principal of the Commercial Paper Notes Outstanding

and the interest accrued thereon to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable, anything in the Issuing and Paying Agent Agreement or in the Commercial Paper Notes or in the Reimbursement Agreement contained to the contrary notwithstanding.

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

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

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

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

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

Miscellaneous

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

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

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

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

(c) An opinion of Bond Counsel shall be delivered to the Issuing and Paying Agent to the effect that the substitution of a Letter of Credit is authorized under the Issuing and Paying Agent Agreement and will not, in and of itself, adversely affect the

exclusion from gross income for federal tax purposes of interest on the Tax-Exempt Notes.

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

* * *

APPENDIX C

FORM OF CO-BOND COUNSEL OPINIONS

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[Date of Issuance of Commercial Paper Notes]

San Francisco Municipal Transportation Agency
San Francisco, California

**Re: *Up to \$100,000,000 San Francisco Municipal Transportation Agency
Commercial Paper Notes, Series A-1 (Tax-Exempt) and Series A-2 (Taxable)***

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by the San Francisco Municipal Transportation Agency (the “SFMTA”) on a revolving basis of its Commercial Paper Notes, Series A-1 (Tax-Exempt) (the “Tax-Exempt Notes”) and its Commercial Paper Notes, Series A-2 (Taxable) (the “Taxable Notes” and, together with the Tax-Exempt Notes, the “Commercial Paper Notes”). The Commercial Paper Notes are being issued pursuant to the laws of the State of California, including the Charter and Administrative Code of the City and County of San Francisco (the “City”), including but not limited to Chapter 43, Article XIII, Sections 43.13.1 through 43.13.8 (collectively, the “Act”), Resolution No. 13-071, adopted by the SFMTA Board on June 4, 2013 (the “SFMTA Resolution”) and an Issuing and Paying Agent Agreement, dated as of September 1, 2013 (the “Issuing and Paying Agent Agreement”), by and between the SFMTA and U.S. Bank National Association, as issuing and paying agent (the “Issuing and Paying Agent”).

The Commercial Paper Notes are supported by the irrevocable direct-pay letter of credit issued by State Street Bank and Trust Company (the “Bank”) on September 10, 2013 (the “Letter of Credit”) pursuant to the Letter of Credit and Reimbursement Agreement, dated as of September 1, 2013 (the “Reimbursement Agreement”), between the Bank and the SFMTA.

In our capacity as Co-Bond Counsel we have reviewed the Act, the SFMTA Resolution, the Issuing and Paying Agent Agreement, the Tax Certificate, executed by the SFMTA on the date hereof (the “Tax Certificate”), certificates of the SFMTA, the Issuing and Paying Agent and others and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Issuing and Paying Agent Agreement.

We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the SFMTA. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof.

We call attention to the fact that the rights and obligations under the Issuing and Paying Agent Agreement and their enforceability 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. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Commercial Paper Notes, when issued from time to time in accordance with the Issuing and Paying Agent Agreement and the Tax Certificate, will constitute the valid and binding limited obligations of the SFMTA and are payable solely from draws on the Letter of Credit and Available Transportation System Revenues and certain other amounts held under the Issuing and Paying Agent Agreement.

2. The Issuing and Paying Agent Agreement has been duly authorized, executed and delivered by, and, assuming due execution by the other parties thereto, constitutes a valid and binding obligation of, the SFMTA, enforceable in accordance with its terms. The Issuing and Paying Agent Agreement creates a valid pledge, to secure the payment of principal and interest on the Commercial Paper Notes, of the Available Transportation System Revenues of the SFMTA, and certain other amounts held by the Issuing and Paying Agent under the Issuing and Paying Agent Agreement, as and to the extent set forth in the Issuing and Paying Agent Agreement and subject to the provisions of the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The Commercial Paper Notes are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except Available Transportation System Revenues. The General Fund of the City is not liable for the payment of the principal of, redemption premium, if any, or interest on the Commercial Paper Notes. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of principal of, redemption premium, if any, or interest on the Commercial Paper Notes, and the SFMTA is not obligated to pay the principal of, redemption premium, if any, and interest on the Commercial Paper Notes except from Available Transportation System Revenues.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants (i) interest on the Tax-Exempt Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Tax-Exempt Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering the opinion in this paragraph 4, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the SFMTA and others in connection with the Tax-Exempt Notes, and we have assumed compliance by the SFMTA with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Notes from gross income under Section 103 of the Code. The Code establishes certain requirements that must be met subsequent

to the issuance and delivery of the Tax-Exempt Notes in order that, for Federal income tax purposes, interest on the Tax-Exempt Notes be excluded from gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of the proceeds of the Tax-Exempt Notes, restrictions on the investment of the proceeds of the Tax-Exempt Notes prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Tax-Exempt Notes to become subject to Federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained. On the date hereof, the SFMTA will execute the Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the SFMTA covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Tax-Exempt Notes will, for Federal income tax purposes, be excluded from gross income. In rendering the opinion in this paragraph 4, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Tax-Exempt Notes, and (ii) compliance by the SFMTA with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

5. Under existing statutes, interest on the Tax-Exempt Notes and the Taxable Notes, when issued, will be exempt from State of California personal income taxes.

We note that interest on the Taxable Notes, when issued, will be included in gross income for Federal income tax purposes. Except as stated in paragraphs 4 and 5 above, we express no opinion as to any Federal, state or local tax consequences arising with respect to the Tax-Exempt Notes and the Taxable Notes or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Notes, or, with respect to the Taxable Notes, the exclusion from gross income under State and local tax law.

We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

This letter is furnished by us as Co-Bond Counsel and is solely for your benefit and it is not to be used, circulated, quoted, or otherwise referred to for any purposes other than the issuance and delivery of the Commercial Paper Notes and may not be relied upon by any other person or entity without our express written permission, except that references may be made to it in any list of closing documents pertaining to the issuance and delivery of the Commercial Paper Notes.

We express no opinion herein as Co-Bond Counsel regarding the accuracy, adequacy or completeness of the Offering Memorandum, dated September 10, 2013, relating to the Commercial Paper Notes.

We note that the Tax-Exempt Notes program will have a maximum term for Federal income tax purposes of eighteen (18) months from the date hereof, unless and to the extent a new program is established by the SFMTA by execution of a new tax certificate and certain other related documents. You may rely on this opinion as to any Tax-Exempt Notes issued on or after the date hereof to the extent that, at the date of issuance of such Tax-Exempt Notes, (i) we have not advised you that this opinion may no longer be relied upon with respect to such Tax-Exempt Notes, (ii) there is no change or proposed change in law, including rulings and interpretations of law by the Internal Revenue Service in effect on the date hereof, (iii) the facts upon which such opinion is based do not change in a materially adverse way, (iv) the representations, warranties and covenants contained in the Issuing and Paying Agent Agreement, the Tax Certificate and any supplemental tax certificates thereto, and other documents and certificates executed and delivered by the SFMTA in connection with the Tax-Exempt Notes remain true and correct and the SFMTA continues to comply with their respective covenants in such documents and certificates, (v) no amendment has been made to the Issuing and Paying Agent Agreement, the Reimbursement Agreement or any of the Tax-Exempt Notes without our prior written approval, and (vi) no litigation affecting the issuance, legality, validity or enforceability in accordance with their respective terms of, or the exemption from Federal income taxation of interest on, the Tax-Exempt Notes is pending or threatened at the time of delivery of any such Tax-Exempt Notes. We undertake no obligation to determine, at any time, whether the conditions described in this paragraph have been met.

Respectfully submitted,

APPENDIX D

FORM OF LETTER OF CREDIT

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IRREVOCABLE LETTER OF CREDIT

September 10, 2013

LETTER OF CREDIT NO. _____

U.S. Bank National Association,
as Issuing and Paying Agent

Attn: _____
Ladies and Gentlemen:

1. At the request and for the account of our customer, the San Francisco Municipal Transportation Agency (the “Agency”), which has or will cause the issuance of its Commercial Paper Notes, Series A-1 (Tax-Exempt) (the “*Tax-Exempt Notes*”) and its Commercial Paper Notes, Series A-2 (Taxable) (the “*Taxable Notes*”) and, together with the Tax-Exempt Notes, the “*Notes*”), STATE STREET BANK AND TRUST COMPANY (the “*Bank*”), hereby establishes in favor of U.S. Bank National Association, as issuing and paying agent acting for the benefit of noteholders (the “*Issuing and Paying Agent*”) pursuant to the issuing and paying agent agreement, dated as of September 1, 2013 (the “*Issuing and Paying Agency Agreement*”), between the Agency and the Issuing and Paying Agent, pursuant to which the Commercial Paper Notes have been or will be issued, and the Letter of Credit and Reimbursement Agreement, dated as of September 1, 2013 (the “*Reimbursement Agreement*”), between the Agency and the Bank, this Irrevocable Letter of Credit in the aggregate amount of \$108,876,713 (hereinafter, as increased, reduced or reinstated from time to time in accordance with the provisions hereof, the “*Original Stated Amount*”), of which an amount initially equal to \$100,000,000 (as such amount may be increased, reduced or reinstated from time to time in accordance with the terms hereof, the “*Principal Component*”) may be drawn upon with respect to payment of the unpaid principal amount of Notes on their stated maturity date, and an amount initially equal to \$8,876,713 (as such amount may be increased, reduced or reinstated from time to time in accordance with terms hereof, the “*Interest Component*”) may be drawn upon with respect to payment of the actual interest accrued and unpaid on the Commercial Paper Notes on their stated maturity date, but in no event more than the 270 days’ interest accrued and unpaid on the outstanding Commercial Paper Notes immediately preceding any drawing made with respect to the Commercial Paper Notes at an assumed interest rate of 12% based on a year of 365 days. Drawings (as herein defined) may be made prior to the date any sum is due on the Commercial Paper Notes if, in accordance with the terms of this Letter of Credit, we are not obligated to honor such Drawings until the date due.

2. This Letter of Credit shall expire at 5:00 p.m. New York City time on the date (the “*Termination Date*”) which is the earliest of: (i) September 10, 2018 as such date may be extended in a Notice of Extension from the Bank to the Issuing and Paying Agent and the Agency in the form attached hereto as Annex G (the “*Scheduled Termination Date*”), (ii) the date of payment of a Drawing, not subject to reinstatement, which when added to all other Drawings

honored hereunder which were not subject to reinstatement as provided herein, in the aggregate equals the Stated Amount on the date of issuance hereof or the Stated Amount as adjusted pursuant to paragraph 5 of this Letter of Credit (a "*Final Payment Drawing*"), (iii) our receipt of a certificate signed by your duly authorized officer in the form of Annex D (Alternate Letter of Credit Certificate) or E (No Notes Outstanding Certificate) attached hereto appropriately completed, or (iv) the earlier to occur of (a) the date which is fifteen (15) calendar days after you have received a Final Drawing Notice in the form of Exhibit G to the Reimbursement Agreement or (b) the date, following receipt of a Final Drawing Notice, upon which you have drawn upon this Letter of Credit the amount required thereby and as permitted under this Letter of Credit and the proceeds of such Drawing have been delivered to you. You agree to surrender this Letter of Credit to the Bank, and not to make any Drawings, after the Scheduled Termination Date. All Drawings hereunder shall be paid from immediately available funds of the Bank.

3. Funds under this Letter of Credit are available to you against your presentation of one of the certificates described below which shall be made by telecopier at the Bank's office located at State Street Bank and Trust Company, _____ (or such other address(es) as we may specify in writing) Facsimile Number: _____, or at any other office or offices or number or numbers which may be designated by the Bank by written notice delivered to you. Each such certificate shall be immediately confirmed by telephone (telephone number: _____ (or any other telephone number as may be designated by the Bank by written notice delivered to you)), notifying us of such certificate; *provided*, that the failure to confirm such certificate by telephone shall not affect the validity or effectiveness of the drawing. Each demand for payment under this Letter of Credit of principal of the Commercial Paper Notes shall be made under a drawing certificate in the form of Annex A hereto (each, a "*Principal Drawing*") and each demand for payment under this Letter of Credit of interest on the Commercial Paper Notes shall be made under a drawing certificate in the form of Annex B hereto (each, an "*Interest Drawing*") and any demand for payment under this Letter of Credit after receipt of a Final Drawing Notice shall be made under a drawing certificate in the form of Annex H hereto (the "*Final Drawing Certificate*"); as used herein, the term "*Drawing*" shall refer to either a Principal Drawing or an Interest Drawing or both collectively, or a Final Drawing, as appropriate). The aforesaid certificates shall have all blanks appropriately filled in and shall be signed by an authorized officer of the Issuing and Paying Agent and the aforesaid certificates shall be either in the form of a letter on the letterhead of the Issuing and Paying Agent or a communication by facsimile delivered or transmitted to us.

4. The Bank hereby agrees with you that, to the extent of its liability as provided herein, all demands for payment made under and in compliance with the terms of this Letter of Credit will be duly honored upon delivery or transmission of the certificate(s) as specified in paragraph 3 hereof and if presented at the aforesaid office on or before the Termination Date. If a Drawing is made hereunder at or prior to 11:30 a.m., New York City time, on a Business Day and that such Drawing and the documents and other items presented in connection therewith conform to the terms and conditions hereof, payment shall be made of the amount specified in immediately available funds, no later than 2:00 p.m., New York City time, on the same Business Day. If a Drawing is made by you hereunder after 11:30 a.m. and at or prior to 4:00 p.m., New York City time, on a Business Day and provided that such drawing and the documents and other

items presented in connection therewith conform to the terms and conditions hereof, payment shall be made to you of the amount specified, in immediately available funds, not later than 11:00 a.m., New York City time, on the next succeeding Business Day. Payment under this Letter of Credit shall be made by the Bank by wire transfer of immediately available funds, to the Issuing and Paying Agent in accordance with the instructions specified by the Issuing and Paying Agent in the drawing certificate relating to a particular drawing hereunder. Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Issuing and Paying Agent and executed by the Issuing and Paying Agent. As used in this Letter of Credit, “*Business Day*” shall mean any day other than (i) a Saturday, Sunday or other day on which commercial banks located in New York, New York or San Francisco, California are required or authorized by law to close for business, (ii) a day on which the office of the Bank for accepting drawing certificates hereunder are required or authorized by law to close for business or (iii) the New York Stock Exchange is closed.

5. Demands for payment hereunder honored by us shall not at the time of such Drawing or Drawings exceed the Stated Amount, as the Stated Amount may have been reduced, increased or reinstated by us as hereinafter provided. Subject to the preceding sentence, each Principal Drawing honored by the Bank hereunder shall *pro tanto* reduce the Principal Component, and each Interest Drawing honored by the Bank hereunder shall *pro tanto* reduce the Interest Component, and any such reduction shall result in a corresponding reduction in the Stated Amount, it being understood that after the effectiveness of any such reduction you shall no longer have any right to make a Drawing hereunder in respect of the amount of such principal of and/or interest with respect to the Commercial Paper Notes unless the amount of such Drawing is subject to reinstatement and has been reinstated as provided in paragraph 7 of this Letter of Credit.

6. At our opening of business on the fifth Business Day following our receipt of your certificate in the form of Annex C (a “*Reduction Certificate*”) attached hereto appropriately completed and signed by your duly authorized officer, the Principal Component and the Interest Component shall be permanently reduced to the amounts set forth therein. The “*Stated Amount*” shall mean the Original Stated Amount (i) plus the sum of the amounts set forth on the Annexes less the amount of all prior reductions pursuant to Drawings, (ii) less the amount of any reduction thereof pursuant to a Reduction Certificate, (iii) plus the amount of all reinstatements as hereinafter provided.

7. After any Drawing, the Stated Amount will be automatically reinstated by and to the extent of amounts transferred by you to us on the date such Drawing is honored of amounts furnished by or on behalf of the Agency to us for such purpose; unless you shall have received notice from the Bank in the form of Exhibit F to the Letter of Credit and Reimbursement Agreement that an Event of Default under the Reimbursement Agreement has occurred and is continuing; *provided, however*, that in no event shall the Interest Component be reinstated to an amount in excess of 270 days’ interest (computed at the rate of 12% per annum and on the basis of a 365 day year) on the then applicable Principal Component.

8. Only you or your successor as Issuing and Paying Agent may make Drawings under this Letter of Credit. Upon the payment to you or to your account of the amount demanded

hereunder, we shall be fully discharged of our obligation under this Letter of Credit with respect to such demand for payment and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such demand for payment to you or any other person who may have made to you or makes to you a demand for payment of principal of or interest on any Note. By paying to you an amount demanded in accordance herewith, we make no representations as to the correctness of the amount demanded.

9. If you receive written notice from the Agency that all the Commercial Paper Notes are defeased or otherwise no longer outstanding and that the Agency does not intend to issue any additional Notes, you shall submit a termination certificate in the form of Annex E hereto, and this Letter of Credit shall no longer be applicable to the Commercial Paper Notes as of the first business day after all Notes are wholly defeased or otherwise no longer outstanding, and correspondingly, this Letter of Credit shall terminate as provided in clause (iii) of paragraph 2 hereof.

10. The Stated Amount of the Letter of Credit shall also be increased from time to time on each Increase Date and in the amounts set forth in a notice from the Bank to you in the form attached hereto as Annex I (*"Increase in Stated Amount Certificate"*).

11. To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the International Standby Practices 1998, International Chamber of Commerce-Publication No. 590 (*"ISP98"*). Except as to matters governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with Article 5 of the Uniform Commercial Code of the State of New York.

Unless otherwise specified herein, communications with respect to this Letter of Credit (other than Drawings) shall be in writing and shall be addressed to the Bank at State Street Bank and Trust Company, _____ (or such other address(es) as we may specify in writing), Reference: Letter of Credit No. _____. Any communication to the Bank which is made by facsimile as permitted hereby (other than Drawings) shall be immediately confirmed in writing delivered to the Bank at the address set forth above, provided, that failure to provide such written confirmation shall not affect the validity of such notice by facsimile.

12. This Letter of Credit is transferable in whole only to your successor as Issuing and Paying Agent. Any such transfer (including any successive transfer) shall be effective upon receipt by us (which receipt shall be subsequently confirmed in writing to the transferor and the transferee by the Bank) of a signed copy of the instrument effecting each such transfer signed by the transferor and by the transferee in the form of Annex F (*"Transfer Certificate"*) hereto (which shall be conclusive evidence of such transfer) and, in such case, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; provided that, in such case, any certificates of the Trustee to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer or agent of the transferee.

[Remainder of page left intentionally blank]

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Commercial Paper Notes), except only the certificates and letters referred to herein; and no such reference shall be deemed to incorporate herein by reference any document, instrument or agreement.

Very truly yours,

STATE STREET BANK AND TRUST
COMPANY

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

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ANNEX A TO
LETTER OF CREDIT NO. _____

[Date]

State Street Bank and Trust Company

Attention: _____

Re: Principal Drawing

Ladies and Gentlemen:

U.S. Bank National Association (the “*Issuing and Paying Agent*”) hereby certifies to State Street Bank and Trust Company (the “*Bank*”) with reference to Irrevocable Letter of Credit No. _____ (the “*Letter of Credit*”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent that:

(1) The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement.

(2) The Issuing and Paying Agent is making a drawing under the Letter of Credit with respect to payment of the principal amount of Commercial Paper Notes upon the stated maturity thereof.

(3) The amount demanded hereby is \$_____ which is for payment of principal of the Commercial Paper Notes. Said amount does not exceed the amount permitted to be drawn under the Letter of Credit in accordance with the Letter of Credit.

(4) The amount demanded hereunder was computed in accordance with the terms and conditions of the Commercial Paper Notes and the Issuing and Paying Agent Agreement.

(5) The amount demanded hereby does not include any amount in respect of the Commercial Paper Notes registered in the name of the Agency.

(6) Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will apply the same directly to the payment when due of the principal amount of Commercial Paper Notes upon the stated maturity thereof, (b) no portion of said amount shall be applied by the undersigned for any other purpose and (c) no portion of said amount shall be commingled with other funds held by the undersigned.

(7) Payment by the Bank pursuant to this drawing shall be made to _____, ABA Number _____, Account Number _____, Attention: _____, Re:_____.

(8) The undersigned represents that he/she is a duly authorized representative of the Issuing and Paying Agent.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this certificate as of the _____ day of _____, 20__.

U.S. Bank National Association,
as Issuing and Paying Agent

By:_____
Name:
Title:

ANNEX B TO
LETTER OF CREDIT NO. _____

[Date]

State Street Bank and Trust Company

Re: Interest Drawing

Ladies and Gentlemen:

U.S. Bank National Association (the “*Issuing and Paying Agent*”) hereby certifies to State Street Bank and Trust Company (the “*Bank*”) with reference to Irrevocable Letter of Credit No. _____ (the “*Letter of Credit*”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent that:

(1) The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement.

(2) The Issuing and Paying Agent is making a drawing under the Letter of Credit with respect to payment of accrued interest on Commercial Paper Notes upon the stated maturity thereof.

(3) The amount demanded hereby is \$ _____, which is for payment of interest on the Commercial Paper Notes at maturity. Said amount does not exceed the amount permitted to be drawn under the Letter of Credit in accordance with the Letter of Credit.

(4) The amount demanded hereunder was computed in accordance with the terms and conditions of the Commercial Paper Notes and the Issuing and Paying Agent Agreement.

(5) The amount demanded hereby does not include any amount in respect of the Commercial Paper Notes registered in the name of the Agency.

(6) Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will apply the same directly to the payment when due of the accrued and unpaid interest on Commercial Paper Notes upon the stated maturity thereof, (b) no

portion of said amount shall be applied by the undersigned for any other purpose and (c) no portion of said amount shall be commingled with other funds held by the undersigned.

(7) Payment by the Bank pursuant to this drawing shall be made to _____, ABA Number _____, Account Number _____, Attention: _____, Re:_____.

(8)

The undersigned represents that he/she is a duly authorized representative of the Issuing and Paying Agent.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this certificate as of the _____ day of _____, 20__.

U.S. Bank National Association,
as Issuing and Paying Agent

By:_____
Name:
Title:

ANNEX C TO
LETTER OF CREDIT NO. _____

[Date]

State Street Bank and Trust Company

Re: Reduction of Amount of Letter of Credit

Ladies and Gentlemen:

U.S. Bank National Association (the “*Issuing and Paying Agent*”) hereby certifies to State Street Bank and Trust Company (the “*Bank*”) with reference to Irrevocable Letter of Credit No. _____ (the “*Letter of Credit*”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent that:

(1) The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement.

(2) The Issuing and Paying Agent hereby notifies you that on or prior to the date hereof the Agency has determined that the Stated Amount of the Letter of Credit shall be reduced to \$_____.

(3) At your opening of business on the fifth Business Day following your receipt of this reduction Certificate, the Principal Component of the Letter of Credit shall be reduced to \$_____, which amount, as so reduced, is equal to or not less than the principal amount of all Commercial Paper Notes outstanding as of the date hereof.

(4) At your opening of business on the fifth Business Day following your receipt of this reduction Certificate, the amount available to be drawn by the Issuing and Paying Agent under the Letter of Credit in respect of accrued and unpaid interest with respect to the Commercial Paper Notes shall be reduced to \$_____ (such amount being equal to interest on the Principal Component at an assumed interest rate of 12% for 270 days on the basis of a 365 day year). The amount of the Interest Component, as so reduced, is equal to or not less than the amount of any interest to be due on any Commercial Paper Note outstanding as of the date hereof.

(5) If any Commercial Paper Notes are outstanding as of the date of this Certificate, the Agency has informed us that it will not issue additional Commercial Paper Notes unless after the issuance of such additional Commercial Paper Notes the

aggregate principal amount of Commercial Paper Notes outstanding shall be no greater than the amount of the Principal Component, as so reduced, pursuant to this Certificate and the aggregate interest payable on such principal amount of Commercial Paper Notes outstanding shall be no greater than the amount of the Interest Component as reduced pursuant to this certificate.

(6) At your opening of business on the fifth Business Day following your receipt of this reduction Certificate, the Stated Amount of the Letter of Credit shall be reduced to \$_____ (such amount being equal to the sum of the amounts specified in paragraphs (3) and (4) above) upon receipt by the Bank of this Certificate.

(7) The undersigned represents that he/she is a duly authorized representative of the Issuing and Paying Agent.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this certificate as of the _____ day of _____ 20__.

U.S. Bank National Association,
as Issuing and Paying Agent

By:_____

Name:

Title:

ANNEX D TO
LETTER OF CREDIT NO. _____

[Date]

State Street Bank and Trust Company

Re: Alternate Credit Facility Certificate

Ladies and Gentlemen:

U.S. Bank National Association (the “Issuing and Paying Agent”) hereby certifies to State Street Bank and Trust Company (the “Bank”) with reference to Irrevocable Letter of Credit No. _____ (the “Letter of Credit”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent that:

(1) The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement.

(2) As Issuing and Paying Agent under the Issuing and Paying Agent Agreement, the Issuing and Paying Agent has accepted an alternate letter of credit, in compliance with the Issuing and Paying Agent Agreement and the Letter of Credit and Reimbursement Agreement dated as of September 1, 2013, between the Agency and the Bank.

(3) Upon receipt of this Certificate, the Letter of Credit shall terminate as provided above in clause (iii) of paragraph 2 of the Letter of Credit.

(4) The undersigned represents that he/she is a duly authorized representative of the Issuing and Paying Agent.

(5) Upon receipt by the Bank of this Certificate the Letter of Credit shall terminate with respect to all outstanding Notes, and the Letter of Credit (and any amendments thereto) is returned to you herewith for cancellation.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this certificate as of the _____ day of _____, 20__.

U.S. Bank National Association,
as Issuing and Paying Agent

By:_____

Name:

Title:

ANNEX E TO
LETTER OF CREDIT NO. _____

[Date]

State Street Bank and Trust Company

Re: No Notes Outstanding Certificate

Ladies and Gentlemen:

U.S. Bank National Association (the “*Issuing and Paying Agent*”) hereby certifies to State Street Bank and Trust Company (the “*Bank*”) with reference to Irrevocable Letter of Credit No. _____ (the “*Letter of Credit*”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent that:

The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement.

No Commercial Paper Notes remain outstanding under the Issuing and Paying Agent Agreement.

The Agency has notified us that it does not intend to issue any additional Commercial Paper Notes and desires to terminate this Letter of Credit in accordance with terms of the Letter of Credit and Reimbursement Agreement dated as of September 1, 2013, between the Agency and the Bank.

Upon receipt by the Bank of this Certificate the Letter of Credit shall terminate as provided in clause (iii) of paragraph 2 of the Letter of Credit and we hereby elect to terminate the Letter of Credit and return such Letter of Credit (and any amendments thereto) to you herewith for cancellation.

.

The undersigned represents that he/she is a duly authorized representative of the Issuing and Paying Agent.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this certificate as of the _____ day of _____, 20__.

U.S. Bank National Association,
as Issuing and Paying Agent

By:_____

Name:

Title:

ANNEX F TO
LETTER OF CREDIT NO. _____
TRANSFER CERTIFICATE

[Date]

State Street Bank and Trust Company

Re: Transfer of Letter of Credit No. _____

Ladies and Gentlemen:

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit ("*Letter of Credit*") in its entirety to:

NAME OF TRANSFEREE _____
(Print Name and complete address of the
Transferee) "Transferee"

ADDRESS OF TRANSFEREE _____

CITY, STATE/COUNTRY, ZIP _____

In accordance with ISP 98 (as defined in the Letter of Credit), Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Letter of Credit are transferred to the Transferee, which shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Letter of Credit, including amendments to this date, is attached, and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse hereof. The undersigned Transferor requests that you notify the Transferee of the Letter of Credit in such form and manner as you deem appropriate and of the terms and conditions of the Letter of Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee and the transfer fee has been paid to you.

If you agree to these instructions, please advise the Transferee of the terms and conditions of the transferred Letter of Credit and these instructions.

Payment of a transfer fee of U.S. \$ _____ is for the account of the Authority, which shall also pay you on demand any out-of-pocket expense or cost you may incur in connection with the transfer. Receipt of such fee shall not constitute consent by you to effect the transfer.

Transferor represents and warrants that (i) our execution, delivery, and performance of this Transfer Certificate (a) are within our powers, (b) have been duly authorized, (c) constitute our legal, valid, binding and enforceable obligation, (d) do not contravene any charter provision, by-law, resolution, contract, or other undertaking binding on or affecting us or any of our properties, (e) do not require any notice, filing or other action to, with, or by any governmental authority, (f) the enclosed Letter of Credit is original and complete, (g) there is no outstanding demand or request for payment or transfer under the Letter of Credit affecting the rights to be transferred, (h) the Transferee's name and address are correct and complete and the Transferee's use of the Letter of Credit as transferred and the transactions underlying the Letter of Credit and the requested transfer do not violate any applicable United States or other law, rule or regulation.

The Effective Date shall be the date hereafter on which you effect the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

[Signature pages follow]

This transfer is made subject to ISP98 and is subject to and shall be governed by the law of State of New York.

Sincerely yours,

(Print Name of Transferor)

(Transferor's Authorized Signature)

(Print Authorized Signer's Name and Title)

(Telephone Number/Fax Number)

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

(Print Name of Bank)

(Address of Bank)

(City, State, Zip Code)

(Print Name and Title of Authorized Signer)

(Authorized Signature)

(Telephone Number)

(Date)

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act

(Print Name of Transferee)

(Transferee's Authorized Signature)

procedures of our bank.

(Print Authorized Signer's Name and Title)

(Print Name of Bank)

(Telephone Number/Fax Number)

(Address of Bank)

(City, State, Zip Code)

(Print Name and Title of Authorized Signer)

(Authorized Signature)

(Telephone Number)

(Date)

Acknowledged as of _____, 20__

STATE STREET BANK AND TRUST COMPANY

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

ANNEX G TO
LETTER OF CREDIT NO. _____

[Date]

U.S. Bank National Association,
as Issuing and Paying Agent

Re: Notice of Extension

Ladies and Gentlemen:

Pursuant to Section 2.05 of the Letter of Credit and Reimbursement Agreement dated as of September 1, 2013 (the "*Reimbursement Agreement*"), by and between the San Francisco Municipal Transportation Agency (the "*Agency*") and State Street Bank and Trust Company (the "*Bank*"), the Bank has approved an extension of Letter of Credit No. _____ (the "*Letter of Credit*"), dated September 10, 2013, effective as of _____ (the "*Effective Date*"). The new Scheduled Termination Date is _____. You are hereby authorized to attach this Notice of Extension to the Letter of Credit and to treat this Notice of Extension as extending the Scheduled Termination Date of the Letter of Credit.

The Agency's acknowledgment hereof shall be deemed to be a representation that no Event of Default under the Reimbursement Agreement has occurred and is continuing.

Very truly yours,

State Street Bank and Trust Company

By: _____

Name:

Title:

By: _____

Name:

Title:

Acknowledged as of _____, by
SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

By: _____
Title: _____

Acknowledged as of _____, ____ by

ANNEX H TO
LETTER OF CREDIT NO. _____

[Date]

State Street Bank and Trust Company

Re: Final Drawing Certificate

Ladies and Gentlemen:

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the “*Issuing and Paying Agent*”) under the Issuing and Paying Agent Agreement, dated as of September 1, 2013, between the Issuing and Paying Agent and the San Francisco Municipal Transportation Authority (the “*Issuing and Paying Agent Agreement*”), hereby certifies to State Street Bank and Trust Company (the “*Bank*”) with respect to the above-referenced Irrevocable Letter of Credit (the “*Letter of Credit*”; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent, that:

1. The Issuing and Paying Agent is making this Drawing for amounts sufficient to pay the principal of and interest on the Commercial Paper Notes outstanding at their respective maturity in accordance with the Issuing and Paying Agent Agreement. Payment for this demand for payment shall be made on _____ (the “*Payment Date*”).

2. (a) We are in receipt of the written notice from you described in paragraph 2(v) of the Letter of Credit.

(b) The following amounts will be due and owing on the Notes currently outstanding at the respective maturity: [complete as appropriate]

(i) \$_____ constitutes the principal of Notes; and

(ii) \$_____ constitutes interest on Notes.

3. Demand is hereby made under the Letter of Credit for \$_____, which amount does not exceed the lesser of the sum of the amounts specified in 2(b)(i) and (ii) above and the Stated Amount.

4. The proceeds hereof shall be deposited in the Letter of Credit Proceeds Account (as defined in the Issuing and Paying Agent Agreement) and shall be applied solely to the payment of the Commercial Paper Notes in accordance with the Issuing and Paying Agent Agreement.

5. The Letter of Credit shall be returned to the Bank upon our receipt of payment of this demand for payment and no additional amounts shall be drawn under the Letter of Credit.

In Witness Whereof, the Issuing and Paying Agent has executed and delivered this Certificate as of the ____ day of _____, ____.

U.S. Bank National Association, as Issuing and
Paying Agent

By:_____

Name:_____

Title:_____

ANNEX I

LETTER OF CREDIT NO. _____

[Date]

U.S. Bank National Association,
as Issuing and Paying Agent

Attn: _____

Re: Increase in Stated Amount

Ladies and Gentlemen:

The undersigned, duly authorized signatories of State Street Bank and Trust Company (the "Bank"), hereby certify to U.S. Bank National Association (the "Issuing and Paying Agent"), with reference to Irrevocable Letter of Credit No. _____ (the "Letter of Credit,") issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. Pursuant to Section 3.05(b) of the Letter of Credit and Reimbursement Agreement dated as of September 1, 2013 (as amended and supplemented from time to time, the "Reimbursement Agreement"), the Bank has approved an increase in the Stated Amount of Letter of Credit No. _____ (the "Letter of Credit"), dated September 10, 2013, in the amount of \$_____, the principal component of such increase equal to \$_____ and the interest component of such increase equal to \$_____) effective as of _____ (the "Increase Date"). The new Stated Amount of the Letter of Credit is \$_____ (the principal component is equal to \$_____ and the interest component is equal to \$_____).

2. You are hereby required to attach this Notice of Increase in Stated Amount to the Letter of Credit and to treat this Notice of Increase in Stated Amount as an amendment to the Letter of Credit.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate
as of the _____ day of _____.

State Street Bank and Trust Company

By: _____

Name:

Title:

By: _____

Name:

Title:

