CONTINGENCY RESERVE POLICY

Financial stability is of the utmost importance to the San Francisco Municipal Transportation Agency ("SFMTA"). It is the Board of Directors' desire to maintain a sufficient level of reserved contingency funds to provide for the continuation of services to citizens in the event of natural or fiscal emergency.

PURPOSE

To establish a Contingency Reserve to maintain financial stability and to ensure the SFMTA has adequate funds to cover various risks of losses related to torts, destruction of assets, natural disasters and other emergencies.

POLICY

It is the policy of the SFMTA Board of Directors:

- To establish a Contingency Reserve of 10% of Operating Expenditures of the SFMTA annual budget

- Operating Expenditures are defined as those expenses in the following funds:

    - MUNI-OPERATING-NON-PROJ-CONTROLLED FD (5MAAAAAA)
    - PTC-OPERATING-NON-PROJ-CONTROLLED FD (5NAAAAAA)

- To build up to the 10% level over a 10-year horizon adding 1% each fiscal year

- To re-evaluate, during the annual budget process, the adequacy of the Contingency Reserve level

- To use the funds in the Contingency Reserve as a temporary, one-time source of funds for emergencies as determined by the SFMTA Executive Director/CEO

- The SFMTA Executive Director/CEO shall report on the use of the Contingency Reserve during each fiscal year

- These funds are SFMTA funds as designated by Section 8A.105 of the Charter of the City and County of San Francisco and may only be used for SMFTA purposes as defined above.

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