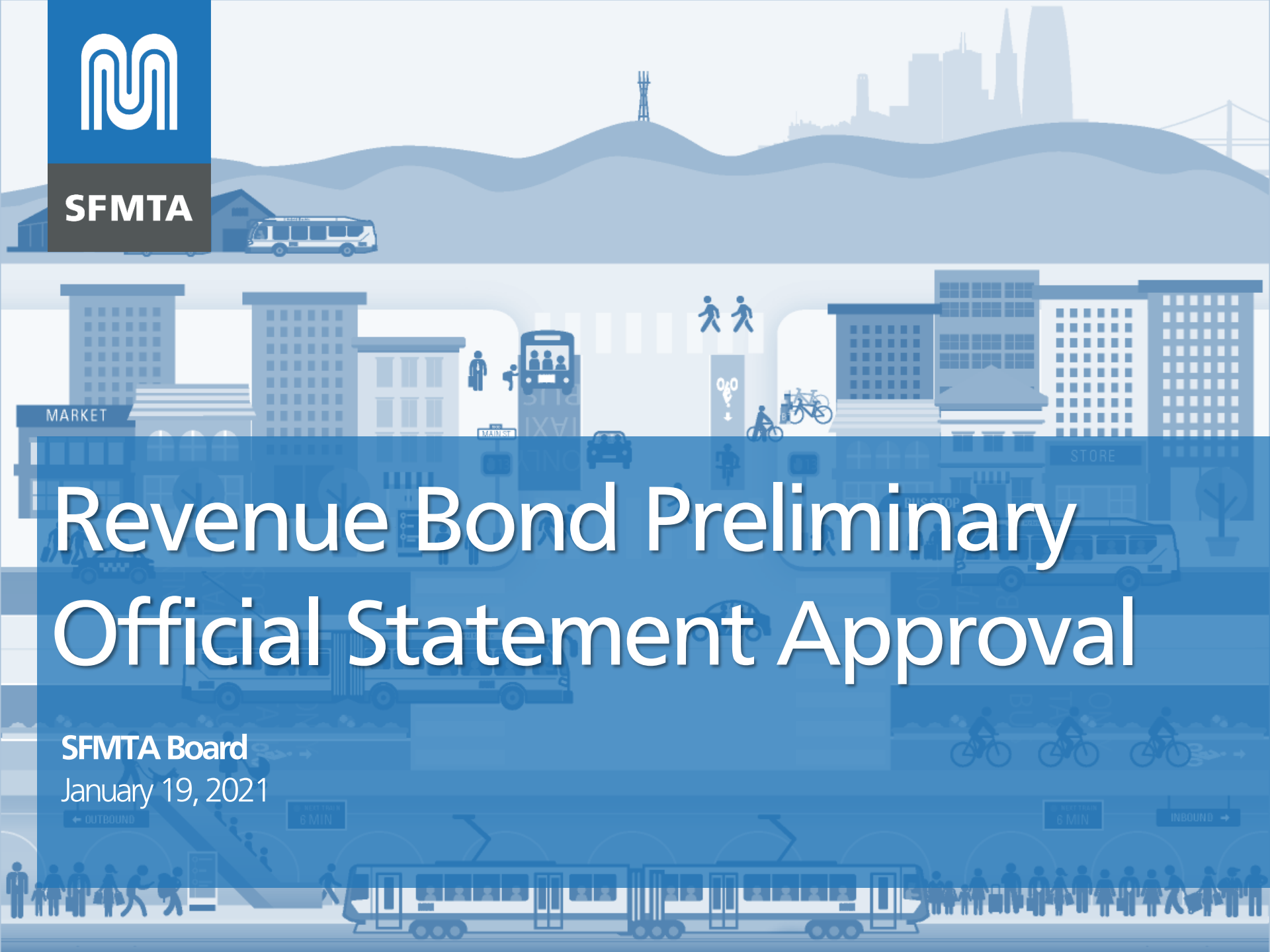




SFMTA

Revenue Bond Preliminary Official Statement Approval

SFMTA Board
January 19, 2021



Topics for Today

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

New Money Rationale

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

COVID Impacts on SFMTA Capital Program

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

Projected Impact of COVID on SFMTA Capital Revenues

2-Year Capital Budget

Potential Revenue Loss

Range 6 – 8%

Up to \$92 million loss

Remaining 3-Years

Potential Revenue Loss

Range 3 – 8 %

Up to \$112 million loss

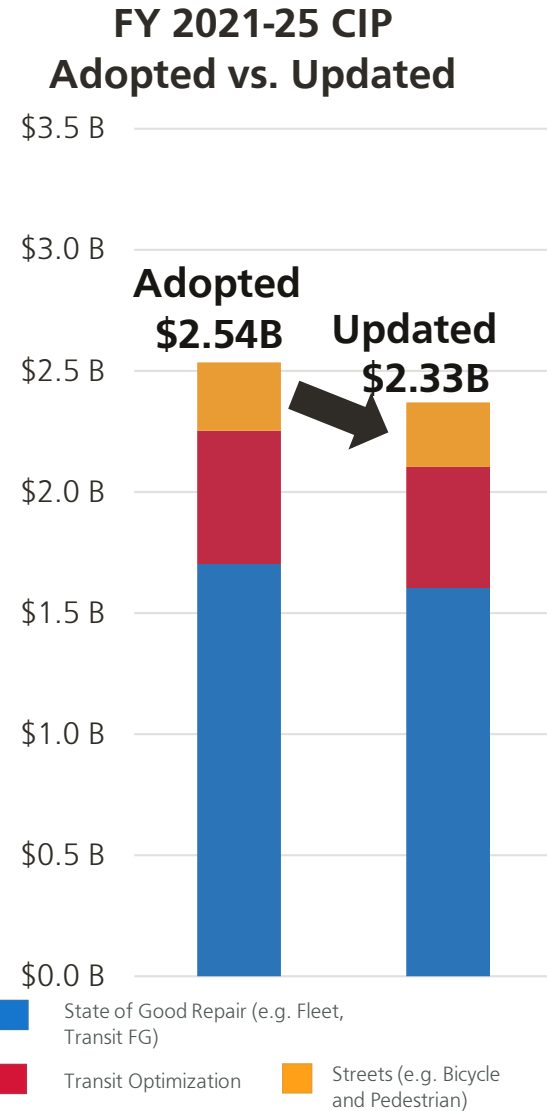
5-Year CIP

Potential Revenue Loss

Range 4 – 8%

Up to \$204 million loss

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



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

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

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

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

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



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

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

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

\$304M Transit Service Critical Scheduled Asset Replacement

\$250M Annual State of Good Repair Investment Target

5-year Amount
\$2.33B

Average Annual
CIP Revenue
\$467M

Annual State of
Good Repair
Need
\$632M

Average SGR
Annual
Investment
\$269M

New Money Summary Comparison of Scenarios w/ \$300M

Scenario	1) Base Case	2) Level Debt Service and Downgrade	3) Backloaded Debt Service w/ Level Aggregate
Approach	Level debt service over the life of the bonds	Level debt service over the life of the bonds, adjusted for potential credit downgrade of 25bps (0.25%)	Debt service backloaded to outer years, structured so that sum of existing debt and new debt is level starting FY25
Objective	Spread debt service evenly across years while securing lowest cost	Spread debt service evenly across years while securing lowest cost	Increase near-term budget flexibility while providing future debt service predictability
Tradeoff	Lower cost but less budget flexibility	Lower cost but less budget flexibility	More near-term flexibility for increased cost
Total Debt Service	\$513.8 M	\$525.6 M	\$586.M
Difference from Base Case	-	\$11.8 M	\$72.2 M

Assumes rates as of 12/02/2020, subject to change based on market conditions

New Money Detailed Comparison of Scenarios w/ \$300M

	1) Base Case	2) Base Case and Downgrade	3) Backloaded Debt Service
New Money Par Amount	276.4	282.8	284.4
Original Issue Premium	71.8	66.6	71.9
Estimated Cost of Issuance	(1.4)	(1.4)	(1.4)
Debt Service Reserve Fund	(19.2)	(19.7)	(26.5)
Capitalized Interest	(27.6)	(28.3)	(28.4)
Net Capital Project Fund	\$300.0	\$300.0	\$300.0
Begin Amortization	2025	2025	2025

Dollars in millions

- All scenarios assume a 30-year term and include capitalized interest for 24 months, providing a grace period during which the operating budget does not need to allocate funds to make annual debt service payments
- Amortization begins FY25, at which point some principal becomes payable, providing enhanced near-term budget relief
- DSRF will only be included if it provides a financial benefit at pricing

Assumes rates as of 12/02/2020, subject to change based on market conditions

Sources and Uses (in millions)

Source	Est. Amount
Par Amount	\$279.3

Uses	Est. Amount
Transportation Equipment	\$137
Transportation Infrastructure	\$118
Debt Service Reserve Fund	\$22.5
Reserve for Market Uncertainty	\$7.7
Cost of Issuance	\$0.7
Underwriter's Discount	\$0.6
City Services Auditor–Audit Fund	\$0.5
SUBTOTAL	\$279.3

Reserve for Market Uncertainty	\$7.7
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Total Not to Exceed Amount	\$287
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Proceeds to be Allocated in Two Project Areas

Transportation Equipment—\$137 million

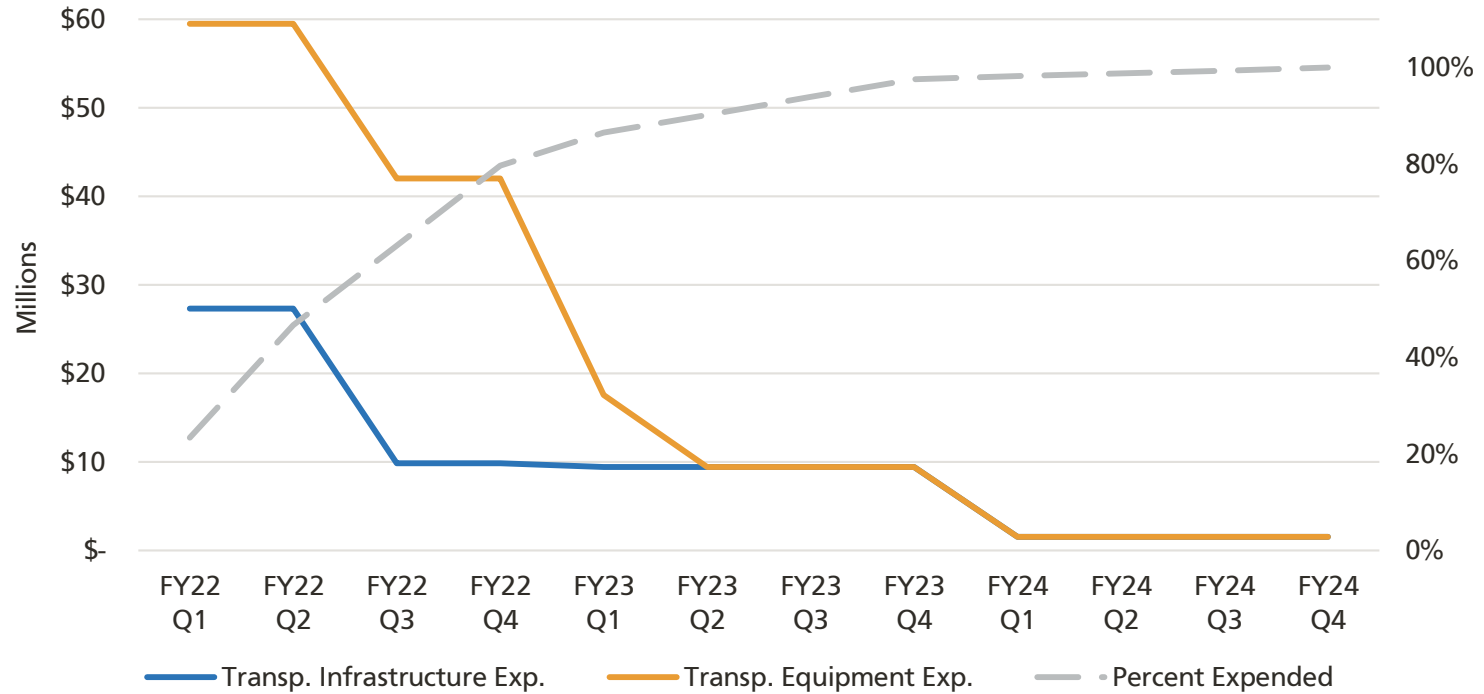
Replacement and expansion for both revenue and non-revenue vehicles, such as light rail vehicles, motor coaches, trolley coaches, electrical buses, cable cars, historic streetcars, paratransit vehicles, sedans and special vehicles.

Transportation Infrastructure—\$118 million

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

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

Proceeds Spend-down Projection



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

Transportation Equipment: Fleet

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



Transportation Infrastructure: Facilities

1200 15th Street Renovation

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



Transportation Infrastructure: Parking Meter Replacement

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



Today's Approval

- Approval deems the POS “final” for purposes of Securities and Exchange Commission (SEC) Rule 15c2-12 and to authorize distribution of the Preliminary Official Statements (POS) to investors
- The SFMTA Director of Transportation is authorized to make any necessary additions or changes to the POS for the issuance of the Bonds—any such changes will be shared with the Board of Directors for review
- The SFMTA Director of Transportation is authorized to take the Refunding Bonds and New Money Bonds to market

Schedule Milestones and Decision Gates

- 12/15: SFMTA Board authorization (completed)
- 1/11 Capital Planning Committee approvals
- 1/13: Board of Supervisors (BOS) Budget and Finance Committee
- 1/26: BOS Adoption of Bond Resolution and Supplemental Appropriation
- Early March: Pricing
- Early March: Closing

Thank You.

(Supporting Materials Follow)



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SFMTA

Glossary of Terms

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

New Money Scenarios Debt Service on \$300M to 2050 (in millions)

New Money Bond Options Debt Service to 2050

Fiscal Year	1) Base Case	2) Base Case and Downgrade	3) Backloaded Debt Service for Level Aggregate
2021	-	-	-
*2022	-	-	-
*2023	-	-	-
2024	13.8	14.1	14.2
2025	19.2	19.7	15.0
2026	19.2	19.7	15.0
2027	19.2	19.7	15.0
2028	19.2	19.7	15.0
2029	19.2	19.7	15.0
2030	19.2	19.7	15.0
2031	19.2	19.7	15.0
2032	19.2	19.7	15.0
2033	19.2	19.7	15.0
2034	19.2	19.7	21.0
2035	19.2	19.7	21.0
2036	19.2	19.7	21.0
2037	19.2	19.7	21.0
2038	19.2	19.7	21.0
2039	19.2	19.7	21.0
2040	19.2	19.7	21.0
2041	19.2	19.7	21.0
2042	19.2	19.7	21.0
2043	19.2	19.7	23.8
2044	19.2	19.7	23.8
2045	19.2	19.7	28.3
2046	19.2	19.7	28.3
2047	19.2	19.7	28.3
2048	19.2	19.7	38.4
2049	19.2	19.7	38.4
2050	19.2	19.7	38.4
Total	\$513.8	\$525.6	\$586.0

Assumes rates as of 12/2/2020, subject to change based on market conditions

Scenario 3 Breakout: Level Aggregate Debt Service

Fiscal Year	3) Backloaded Debt Service	Existing Debt Service	Total New Net Debt Service (Level Aggregate)
2021	-	-	-
2022	*	23.5	23.5
2023	*	23.3	23.3
2024	14.2	23.3	37.6
2025	15.0	23.3	38.4
2026	15.0	23.3	38.4
2027	15.0	23.3	38.4
2028	15.0	23.3	38.4
2029	15.0	23.3	38.4
2030	15.0	23.3	38.4
2031	15.0	23.3	38.4
2032	15.0	23.3	38.4
2033	15.0	23.3	38.4
2034	21.0	17.4	38.4
2035	21.0	17.4	38.4
2036	21.0	17.4	38.4
2037	21.0	17.4	38.4
2038	21.0	17.4	38.4
2039	21.0	17.4	38.4
2040	21.0	17.4	38.4
2041	21.0	17.4	38.4
2042	21.0	17.4	38.4
2043	23.8	14.6	38.4
2044	23.8	14.6	38.4
2045	28.3	10.1	38.4
2046	28.3	10.1	38.4
2047	28.3	10.1	38.4
2048	38.4	-	38.4
2049	38.4	-	38.4
2050	38.4	-	38.4
Total	\$586.0	\$495.7	\$1,081.7

*Paid by capitalized interest

*Paid by capitalized interest

Credit Rating Considerations

- Rating downgrade by S&P to 'AA-' from 'AA' (negative outlook) may increase rates an estimated 25bps (0.25%)– SFMTA's debt is still high-quality investment grade
- SFMTA retains “a very strong enterprise risk profile, a strong financial risk profile, and significant support by various tax revenue,” with “strong debt and liabilities capacity”
- An additional rating from S&P and Moody's is required

Farebox Recovery

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

Critical Service Provider

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

Broad Revenue Pledge

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

General Fund/Public Support

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

Competent Management

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

Underwriter Selection

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

Selected Team

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

Comps

RECENTLY PRICED DEALS BY TRANSPORTATION AGENCIES

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

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

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

+ \$239.55mm T-E

taxable 2051

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

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

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RECENTLY PRICED DEALS BY TRANSPORTATION AGENCIES (cont.)

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