

SANDAG

Board of Directors Agenda

Friday, February 12, 2021

9 a.m.

****Teleconference Meeting****

MEETING ANNOUNCEMENT AMIDST COVID-19 PANDEMIC:

The Board of Directors meeting scheduled for Friday, February 12, 2021, will be conducted virtually in accordance with Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak, Executive Order N-29-20, and the Guidance for Gatherings issued by the California Department of Public Health. Board Members will primarily participate in the meeting virtually, while practicing social distancing, from individual remote locations.

- To participate via Zoom webinar, click the link to join the meeting: <https://zoom.us/j/96315774535>
- Webinar ID: 963 1577 4535
- To participate via Telephone, dial a number based on your current location:
US: +1 669 900 6833 or 963 1577 4535# or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592 or +1 312 626 6799
- International numbers available: <https://zoom.us/u/aXYtML8Nd>

SANDAG is relying on commercial technology to broadcast the meeting via Zoom. With the recent increase of virtual meetings, platforms such as Microsoft Teams, WebEx, GoToMeeting, and Zoom are working to scale their systems to meet the new demand. If we experience technical difficulty or you are unexpectedly disconnected from the broadcast, please close and reopen your browser and click the link to rejoin the meeting. SANDAG staff will take all possible measures to ensure a publicly accessible experience.

Public Comments: Persons who wish to address the members on an item to be considered at this meeting, or on non-agendized issues, may email comments to the Clerk at clerk@sandag.org (please reference "February 12 Board Meeting" in your subject line and identify the item number(s) to which your comments pertain). Comments received by 4 p.m. on Thursday, February 11 will be provided to members prior to the meeting. If you desire to provide a live verbal comment during the meeting, please join the Zoom meeting either by computer or phone.

At the time for public comments, members of the public will be advised to "Raise Hand" if they wish to provide comments. The "Raise Hand" feature can be found on the Zoom toolbar for those who are joining via computer or by entering *9 for those who joining via telephone only. The Clerk will call on members of the public by name for those joining via a computer and by the last three digits of your telephone number for those joining via telephone. All comments received prior to the close of the meeting will be made part of the meeting record.

SANDAG

Welcome to SANDAG. Members of the public may speak to the Board of Directors on any item at the time the Board is considering the item. Public speakers are limited to three minutes or less per person. The Board may only take action on any item appearing on the agenda.

In order to keep the public informed in an efficient manner and facilitate public participation, SANDAG also provides access to all agenda and meeting materials online at sandag.org/meetings. Additionally, interested persons can sign up for email notifications at sandag.org/subscribe.

SANDAG operates its programs without regard to race, color, and national origin in compliance with Title VI of the Civil Rights Act. SANDAG has developed procedures for investigating and tracking Title VI complaints, and the procedures for filing a complaint are available to the public upon request. Questions concerning SANDAG nondiscrimination obligations or complaint procedures should be directed to the SANDAG General Counsel, John Kirk, at (619) 699-1997 or john.kirk@sandag.org. Any person who believes himself or herself or any specific class of persons to be subjected to discrimination prohibited by Title VI also may file a written complaint with the Federal Transit Administration.

In compliance with the Americans with Disabilities Act (ADA), SANDAG will accommodate persons who require assistance in order to participate in SANDAG meetings. If such assistance is required, please contact the Clerk of the Board at ClerkoftheBoard@sandag.org or at (619) 699-1985, at least 72 hours in advance of the meeting. To request this document or related reports in an alternative format, please call (619) 699-1900 or (619) 699-1904 (TTY), or fax (619) 699-1905 at least 72 hours in advance of the meeting.

SANDAG agenda materials can be made available in alternative languages. To make a request, call (619) 699-1900 in advance of the meeting.

Los materiales de la agenda de SANDAG están disponibles en otros idiomas. Para hacer una solicitud, llame al (619) 699-1900.

如有需要, 我们可以把SANDAG议程材料翻译成其他语言.

请在会议前至少 72 小时打电话 (619) 699-1900 提出请求.



Closed Captioning is available

To access Closed Captioning:

- Click the closed caption icon on the toolbar at the top of your screen and follow the prompts. The closed captioning will be shown at the bottom of your screen; or
- Open your browser and paste the link: streamtext.net/player?event=SANDAG-BOD.

Message from the Clerk

In compliance with Government Code §54952.3, the Clerk hereby announces that the compensation for legislative body members attending the following simultaneous or serial meetings is: Executive Committee (EC) \$100, Board of Directors (BOD) \$150, and Regional Transportation Commission (RTC) \$100. Compensation rates for the EC and BOD are set pursuant to the SANDAG Bylaws, and the compensation rate for the RTC is set pursuant to state law.

Mission Statement

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus; makes strategic plans; obtains and allocates resources; plans, engineers, and builds public transit; and provides information on a broad range of topics pertinent to the region's quality of life.

San Diego Association of Governments · 401 B Street, Suite 800, San Diego, CA 92101-4231
(619) 699-1900 · Fax (619) 699-1905 · sandag.org

Board of Directors

Friday, February 12, 2021

Item No.		Action
1.	Public Comments/Communications/Member Comments Members of the public shall have the opportunity to address the Board of Directors on any issue within the jurisdiction of SANDAG that is not on this agenda. Public speakers are limited to three minutes or less per person. Board members also may provide information and announcements under this agenda item.	
2.	Policy Advisory Committee Chairs' Report Policy Advisory Committee Chairs will provide updates on key Committee activities.	Information
3.	Executive Director's Report <i>Hasan Ikhata, SANDAG</i> An update on key programs, projects, and agency initiatives will be presented.	Discussion
Consent		
+4.	Approval of Meeting Minutes The Board of Directors is asked to approve the minutes from its January 22, 2021, meeting.	Approve
+5.	Policy Advisory Committee Actions <i>Francesca Webb, SANDAG</i> The Board of Directors is asked to ratify the delegated actions taken by the Policy Advisory Committees.	Approve
+6.	Proposed FY 2021 Program Budget Amendment: Otay Mesa East Port of Entry <i>Maria Rodriguez-Molina, SANDAG</i> <i>Mario Orso, Caltrans</i> The Transportation Committee recommends that the Board of Directors approve an amendment to the FY 2021 Program Budget, accepting \$42.52 million of state Trade Corridor Enhancement Program funds and transferring \$2.6 million from the existing State Route 11 (SR 11) and Otay Mesa Port of Entry: Segment 2A and SR 905/125/11 Connectors and SR 125/905 Southbound to Westbound Connector projects (Capital Improvement Program Nos. 1201103 and 1390506) to the SR 11 and Otay Mesa East Port of Entry project (Capital Improvement Program No. 1201101).	Approve

+7.	Appointment of Policy Advisory Committee Members and Designation of Transit Representatives to the Board of Directors	Information

Francesca Webb, SANDAG

This report summarizes the voting and advisory members appointed to the Policy Advisory Committees, including the committee chairs and vice chairs appointed by the SANDAG Chair, and the designation of Board members as transit representatives for the purpose of meeting federal requirements.

+8.	Executive Director Delegated Actions	Information

Kimberly Monasi, SANDAG

In accordance with various Board Policies, this report summarizes delegated actions taken by the Executive Director since the last Board of Directors meeting.

Chair's Reports

+9.	Review of Proposed Amendments to Bylaws and Board Policies: Second Vice Chair and Leadership Election Schedule	Adopt

Pending action by the Executive Committee at its February 12 meeting, the Board of Directors will be asked to adopt the proposed amendments to the Bylaws and Board Policies related to reinstating the Second Vice Chair position and the Board leadership election schedule.

+10.	Election of 2021–2022 SANDAG Board Second Vice Chair	Approve

Pending action by the Board of Directors to reinstate the Second Vice Chair position, the Board is asked to conduct an election for the SANDAG Board Second Vice Chair position for the 2021–2022 term.

+11.	SANDAG Audit Policy Advisory Committee: Appointment of Board Members	Approve

The Board of Directors is asked to approve the Board members of the SANDAG Audit Policy Advisory Committee as recommended by the SANDAG Chair, and to waive the three-year service requirement as it pertains to Councilmember Musgrove's appointment.

Reports

- +12. TransNet Program: Financial Strategies*** **Adopt**
- +12A. TransNet Proposed 2021 Bond Issuance: Refunding and New Debt**
Andre Douzdjian, SANDAG
Peter Shellenberger, Public Financial Management
Victor Hsu and Russ Trice, Norton Rose Fulbright LLP
Devin Brennan, Orrick, Herrington & Sutcliffe LLP
- The Transportation Committee recommends that the Board of Directors, acting as the Regional Transportation Commission (RTC), adopt RTC Resolution No. RTC-2021-03, authorizing up to \$175 million of refunding certain outstanding bonds and the issuance of up to \$100 million of fixed-rate bonds, and the execution and distribution of the documents.
- +12B. TransNet Proposed 2021 Short-Term Notes Refunding**
Andre Douzdjian, SANDAG
Peter Shellenberger, Public Financial Management
Victor Hsu and Russ Trice, Norton Rose Fulbright LLP
Devin Brennan, Orrick, Herrington & Sutcliffe LLP
- The Transportation Committee recommends that the Board of Directors, acting as the Regional Transportation Commission (RTC), adopt RTC Resolution No. RTC-2021-04, authorizing up to \$537.5 million of refunding notes, and the execution and distribution of the documents.
- +13. SANDAG Commitment to Equity Statement** **Approve**
Irene McCormack, SANDAG
- The Commitment to Equity Statement Ad Hoc Subcommittee recommends that the Board of Directors approve the SANDAG Commitment to Equity Statement.
- +14. 2021 Regional Plan: Moving from the Vision to the Plan** **Discussion**
Coleen Clementson and Ray Major, SANDAG
- An overview of the development process for the 2021 Regional Plan, initial performance results, key planning assumptions, and milestones for this year will be presented.

- +15. **Closed Session: Conference with Legal Counsel – Potential Initiation of Litigation Pursuant to Government Code Sections 54956.9(d)(4) (One Potential Case)**

John Kirk, SANDAG

The Board of Directors will be briefed on the potential initiation of litigation.

- +16. **Closed Session: Conference with Legal Counsel – Existing Litigation (San Diego Association of Governments v. 8650 Via La Jolla Inc. et al., San Diego Superior Court Case No. 37-2017-00039831-CU-EI-CTL) and Conference with Real Property Negotiators (Assessor Parcel Numbers 344-280-08, 344-280-19, and 344-280-20, Property Located at 8650 Villa La Jolla Drive, San Diego, California) Pursuant to Government Code Sections 54956(D)(1) and 54956.8***

Ryan Kohut and Ramon Ruelas, SANDAG

Brad Kuhn, Nossaman

The Board of Directors will be briefed on price and terms of a proposed settlement of litigation with Ulta Salon, Cosmetics, and Fragrance, LLC. to acquire real property for the Mid-Coast Corridor Transit Project.

- +17. **Closed Session: Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(D)(1) – Cities of Coronado, Imperial Beach, Lemon Grove, and Solana Beach v. SANDAG (San Diego Superior Court Case No. 37-2020-00033974-CU-MC-CTL)**

John Kirk, SANDAG

Amrit Kulkarni and Deborah Fox, Meyers-Nave

The Board of Directors will be briefed on the status of a writ petition filed by the cities of Coronado, Imperial Beach, Lemon Grove, and Solana Beach seeking to set aside the Regional Housing Needs Assessment final allocation based in part upon the use of the weighted vote at the Regional Housing Needs Assessment appeals hearing.

18. Continued Public Comments

If the five-speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

19. Upcoming Meetings

Information

The next Board of Directors meeting is scheduled for Friday, February 26, 2021, at 9 a.m.

20. Adjournment

+ next to an item indicates an attachment

* next to an agenda item indicates that the Board of Directors also is acting as the San Diego County Regional Transportation Commission for that item

January 22, 2021, Board of Directors Meeting Minutes

Chair Catherine Blakespear (Encinitas) called the meeting of the Board of Directors to order at 9:03 a.m.

Action: **Approve**

The Board of Directors is asked to approve the minutes from its January 22, 2021, meeting.

1. Public Comments/Continued Public Comments

Lucero Chavez, member of the public, spoke regarding distance learning challenges and digital disparities around the county.

2. Policy Advisory Committee Chair's Report

Borders Committee Chair Serge Dedina provided a report on recent Borders Committee activities.

3. Executive Director's Report

Executive Director Hasan Ikhata presented an update on key programs, projects, and agency initiatives, including the Mid-Coast Corridor Transit Project, 2021 Regional Plan, Del Mar Bluffs Stabilization, Central Mobility Hub, Otay Mesa East Port of Entry, and the agency's response to COVID-19.

Consent

4. Approval of Meeting Minutes (Approve)

The Board of Directors was asked to approve the minutes from its December 4, 2020; December 18, 2020; and January 8, 2021; meetings.

Mayor Racquel Vasquez (City of Lemon Grove) noted that she was marked absent in the December 18, 2020, minutes, and requested that staff revise the attendance record.

5. Enterprise Resource Planning System Solicitation (Approve)

The Board of Directors was asked to authorize the Executive Director to conduct a solicitation for an Enterprise Resource Planning System.

6. Policy Advisory Committee Actions (Approve)

The Board of Directors was asked to ratify the delegated actions taken by the Policy Advisory Committees.

7. Memorandum of Agreement with the County of San Diego: *TransNet* Debt Financing Program (Approve)

The Transportation Committee recommended that the Board of Directors, acting as the Regional Transportation Commission:

1. Authorize the Executive Director to execute a Memorandum of Agreement with the County of San Diego to issue \$16 million in Commercial Paper through the *TransNet* Debt Financing Program; and
2. Approve a repayment period of up to ten years.

8. *TransNet* Interfund Loan: Environmental Mitigation Program (Approve)

The Transportation Committee recommended that the Board of Directors authorize the Executive Director to execute interfund loans between the local and major corridor shares of the Environmental Mitigation Program funding provided for in the *TransNet* Extension Ordinance in an amount not to exceed \$56 million.

9. Specialized Transportation Grant Program and Impacts from COVID-19 (Approve)

The Transportation Committee recommended that the Board of Directors approve:

1. The proposed exceptions to Board Policy Nos. 001 and 035; and
2. The Metropolitan Transit System's request to substitute Class D minivans for the Class B buses awarded through the Specialized Transportation Grant Program Cycle 10 call for projects.

10. Executive Director Delegated Actions (Information)

In accordance with various Board Policies, this report summarized delegated actions taken by the Executive Director since the last Board of Directors meeting.

11. Meetings and Events Attended on Behalf of SANDAG (Information)

Board members provided brief reports on external meetings and events attended on behalf of SANDAG since the last Board Business meeting.

Action: Upon a motion by Mayor Vasquez, and a second by Mayor Alejandra Sotelo-Solis (City of National City), the Board of Directors voted to approve Consent Item No. 4, as amended, and Item Nos. 5 through 9.

The motion passed.

Yes: Chair Blakespear, Mayor Todd Gloria (City of San Diego), Mayor Matt Hall (City of Carlsbad), Mayor Mary Salas (City of Chula Vista), Mayor Richard Bailey (City of Coronado), Supervisor Terra Lawson-Remer (County of San Diego), Mayor Terry Gaasterland (City of Del Mar), Mayor Bill Wells (City of El Cajon), Mayor Paul McNamara (City of Escondido), Mayor Serge Dedina (City of Imperial Beach), Councilmember Jack Shu (City of La Mesa), Mayor Vasquez, Mayor Sotelo-Solis, Councilmember Christopher Rodriguez (City of Oceanside), Mayor Steve Vaus (City of Poway), Council President Jennifer Campbell (City of San Diego), Mayor Rebecca Jones (City of San Marcos), Mayor John Minto (City of Santee), Mayor Lesa Heebner (City of Solana Beach), and Mayor Judy Ritter (City of Vista). No: None. Abstain: None. Absent: None.

Chair's Reports

12. Election of 2021–2022 SANDAG Board Vice Chair (Approve)

The Board of Directors was asked to conduct an election for the SANDAG Board Vice Chair position for the 2021–2022 term. Additionally, the Board was asked to discuss reinstatement of the Second Vice Chair position.

Action: Upon a motion by Mayor Sotelo-Solis and a second by Council President Campbell, the Board of Directors voted to elect Mayor Gloria as the Vice Chair for the 2021-2022 term by weighted vote.

The motion passed.

Yes: Chair Blakespear, Mayor Gloria, Mayor Salas, Mayor Bailey, Supervisor Lawson-Remer, Mayor Gaasterland, Mayor Wells, Mayor McNamara, Mayor Dedina, Councilmember Shu, Mayor Vasquez, Mayor Sotelo-Solis, Councilmember Rodriguez, Mayor Vaus, Council President Campbell, Mayor Jones, Mayor Minto, Mayor Heebner, and Mayor Ritter. (92.5%) No: None (0%). Abstain: None (0%). Absent: County of San Diego, Seat B (7.5%).

Upon a motion by Vice Chair Gloria, and a second by Chair Blakespear, the Board of Directors voted to direct staff to prepare the necessary amendments to the Bylaws and Board Policies to reinstate the position of Second Vice Chair.

The motion passed.

Yes: Chair Blakespear, Vice Chair Gloria, Mayor Hall, Mayor Salas, Supervisor Lawson-Remer, Mayor Gaasterland, Mayor McNamara, Mayor Dedina, Councilmember Shu, Mayor Vasquez, Mayor Sotelo-Solis, Council President Campbell, and Mayor Heebner. No: Mayor Hall, Mayor Bailey, Mayor Wells, Councilmember Rodriguez, Mayor Vaus, Mayor Jones, Mayor Minto, and Mayor Ritter. Abstain: None. Absent: None.

13. Audit Committee and Litter Abatement Subcommittee Membership (Information)

The SANDAG Board Chair is seeking additional Board representatives to serve on the Audit Committee and the Litter Abatement Subcommittee. Members were asked to reach out to the Clerk of the Board by Monday, February 1, 2021, if they are interested in serving on either body.

Reports

14. SANDAG Commitment to Equity Statement (Approve)

Director of Strategic Communications Irene McCormack presented the item.

Noah Harris, member of the public, spoke in support of equity efforts.

Pamela Heatherington, member of the public, spoke in support of the creation of an Ad Hoc Equity Subcommittee, and expressed her support for equity statement Draft No. 1

Bee Mittermiller, member of the public, spoke in support of an equity statement and encouraged inclusion of acknowledgement of the colonization of Kumeyaay lands.

Craig Jones, member of the public, spoke in support of an equity statement.

Gretchen Newsom, member of the public, spoke in support of equity in transportation investments and urged the Board to take action today.

Goyo Ortiz, member of the public, spoke in support of equity efforts.

Konane Martinez, member of the public, spoke in support of equity efforts.

Connnor Franklin Rey, member of the public, spoke in support of equity efforts.

Bertha Rodriguez, member of the public, spoke in support of equity efforts.

Tara Hammond, member of the public, spoke in support of equity efforts.

Brian Pollard, member of the public, spoke in support of equity efforts.

Action:

Councilmember Shu made a motion to approve Working Draft II of the SANDAG Commitment to Equity Statement, with proposed revisions. Vice Chair Gloria seconded this motion.

Mayor Jones made a sub-motion to approve Working Draft I of the SANDAG Commitment to Equity Statement, with proposed revisions. Councilmember Rodriguez seconded this motion.

Upon a motion by Mayor Jones and a second by Vice Chair Gloria, the Board voted to allow the withdrawal of the substitute motion made by Mayor Jones.

The motion passed.

Yes: Chair Blakespear, Vice Chair Gloria, Mayor Salas, Mayor Bailey, Supervisor Lawson-Remer, Mayor Gaasterland, Mayor Wells, Mayor McNamara, Mayor Dedina, Councilmember Shu, Mayor Vasquez,

Mayor Sotelo-Solis, Councilmember Rodriguez, Council President Campbell, Mayor Jones, Mayor Minto, Mayor Heebner, and Mayor Ritter. No: None. Abstain: None. Absent: City of Poway.

Upon a motion by Chair Blakespear, and a second by Councilmember Rodriguez, the Board voted on the creation of an Ad Hoc Equity Statement Subcommittee to meet and refine the equity statement.

The motion passed.

Yes: Chair Blakespear, Mayor Gloria, Mayor Salas, Mayor Bailey, Supervisor Lawson-Remer, Mayor Gaasterland, Mayor Wells, Mayor McNamara, Mayor Dedina, , Mayor Vasquez, Mayor Sotelo-Solis, Councilmember Rodriguez, Council President Campbell, Mayor Jones, Mayor Minto, Mayor Heebner, and Mayor Ritter. No: Councilmember Shu. Abstain: None. Absent: City of Poway.

15. SANDAG Disadvantaged Business Enterprise and Workforce Utilization Program Update (Information)

Director of Diversity and Equity Elaine Richardson presented an update on the SANDAG Disadvantaged Business Enterprise and Small Business programs, including progress toward meeting the Triennial Disadvantaged Business Enterprise Goal.

Action: This item was continued to a future meeting.

16. Bridging the Digital Divide in the San Diego Region (Adopt)

Director of Mobility and Innovation Antoinette Meier presented the item.

Erin Hogeboom, San Diego for Every Child, spoke regarding support for equity for children and families, and expressed her support for the Resolution.

Kirby Brady, Director of Performance and Analytics for the City of San Diego, spoke in support of the Resolution.

Nishal Mohan, member of the public, spoke in support of the Resolution.

Action: Upon a motion by Mayor Salas and a second by Mayor Gaasterland, the Board of Directors voted to adopt Resolution No. 2021-09, supporting increased broadband access to bridge the digital divide throughout the San Diego region.

The motion passed.

Yes: Chair Blakespear, Vice Chair Gloria, Mayor Salas, Mayor Bailey, Supervisor Lawson-Remer, Mayor Gaasterland, Mayor Wells, Mayor McNamara, Mayor Dedina, Councilmember Shu, Mayor Vasquez, Mayor Sotelo-Solis, Councilmember Rodriguez, Council President Campbell, Mayor Jones, Mayor Minto, Mayor Heebner, and Mayor Ritter. No: None. Abstain: None. Absent: City of Poway.

17. TransNet Program: Financial Strategies (Discussion)

+17A. TransNet Proposed 2021 Bond Issuance: Refunding and New Debt*

Chief Financial Officer André Douzjian, SANDAG; Peter Shellenberger, Public Financial Management; Victor Hsu, Norton Rose Fulbright LLP; Devin Brennan, Orrick, Herrington & Sutcliffe LLP; and Russ Trice, Norton Rose Fulbright LLP; presented an overview of a proposed bond strategy and financing schedule to advance refund up to \$175 million of existing debt and issue up to \$100 million of tax-exempt bonds for the TransNet Major Corridors program.

+17B. TransNet Proposed 2021 Short-Term Notes Refunding*

André Douzjian, Peter Shellenberger, Victor Hsu, Devin Brennan, and Russ Trice presented an overview of a proposed Short-Term Notes Refunding of \$537.5 million.

18. Continued Public Comments

None.

19. Closed Session: Conference with Legal Counsel – Existing Litigation (San Diego Association of Governments v. 8650 Via La Jolla Inc. et al., San Diego Superior Court Case No. 37-2017-00039831-CU-EI-CTL) and Conference with Real Property Negotiators (Assessor Parcel Numbers 344-280-08, 344-280-19, and 344-280-20, Property Located at 8650 Villa La Jolla Drive, San Diego, California) Pursuant to Government Code Sections 54956(D)(1) and 54956.8

Action: This item was continued to a future meeting.

20. Closed Session: Conference with Legal Counsel Existing Litigation Pursuant to Government Code Section 54956.9(D)(1) – Cities of Coronado, Imperial Beach, Lemon Grove, and Solana Beach V. SANDAG (San Diego Superior Court Case No. 37-2020-00033974-CU-MC-CTL)

Action: This item was continued to a future meeting.

21. Upcoming Meetings

The next Board of Directors meeting is scheduled for February 12, 2021, at 9 a.m.

22. Adjournment

Chair Blakespear adjourned the meeting at 12:01 p.m.

Confirmed Attendance at Board of Directors Meeting

Board of Directors	Title	Name	Attend Virtually
City of Carlsbad	Mayor	Matt Hall (Primary)	Yes
City of Chula Vista	Mayor	Mary Salas (Primary)	Yes
City of Coronado	Mayor	Richard Bailey (Primary)	Yes
County of San Diego	Supervisor	Terra Lawson-Remer (Primary)	Yes
County of San Diego	Supervisor	Joel Anderson (Primary)	No
City of Del Mar	Mayor	Terry Gaasterland (Primary)	Yes
City of El Cajon	Mayor	Bill Wells (Primary)	Yes
City of Encinitas	Chair	Catherine Blakespear (Primary)	Yes
City of Escondido	Mayor	Paul McNamara (Primary)	Yes
City of Imperial Beach	Mayor	Serge Dedina (Primary)	Yes
City of La Mesa	Councilmember	Jack Shu (Primary)	Yes
City of Lemon Grove	Mayor	Racquel Vasquez (Primary)	
City of National City	Mayor	Alejandra Sotelo-Solis (Primary)	Yes
City of Oceanside	Councilmember	Christopher Rodriguez (Primary)	Yes
City of Poway	Mayor	Steve Vaus (Primary)	Yes
City of San Diego	Mayor	Todd Gloria (Primary)	Yes
City of San Diego	Council President	Jennifer Campbell (Primary)	Yes
City of San Marcos	Mayor	Rebecca Jones (Primary)	Yes
City of Santee	Mayor	John Minto (Primary)	Yes
City of Solana Beach	Mayor	Lesa Heebner (Primary)	Yes
City of Vista	Mayor	Judy Ritter (Primary)	Yes
Caltrans		Gustavo Dallarda (1st Alt.)	Yes
Metropolitan Transit System	Councilmember	Paloma Aguirre (Primary)	No
North County Transit District	NCTD Chair	Tony Kranz (Primary)	No
Imperial County	Supervisor	Sup. Jesus Escobar (Primary)	No
U.S. Department of Defense		Joe Stuyvesant (Primary)	Yes
Port of San Diego	Commissioner	Garry Bonelli (Primary)	Yes
San Diego County Water Authority	Councilmember	Mel Katz (Primary)	Yes
San Diego County Regional Airport Authority		Paul Robinson (1st Alt.)	No
Mexico	Consul General	Natalia Figueroa (Alternate)	Yes
SCTCA	Chairman	Cody Martinez	No

Policy Advisory Committee Actions

Overview

[SANDAG Board Policy No. 001: Allocation of Responsibilities](#) delegates certain responsibilities to the Policy Advisory Committees to allow SANDAG to effectively address key public policy and funding responsibilities. All items delegated to the Policy Advisory Committees are subject to Board ratification. Below are the delegated actions taken by the Policy Advisory Committees that are subject to ratification.

Action: **Approve**

The Board of Directors is asked to ratify the delegated actions taken by the Policy Advisory Committees.

Regional Planning Committee: February 5, 2021

Approved the proposed Charter update reflecting the name change of the 2021 Regional Plan Community-Based Organizations Working Group to the 2021 Regional Plan Social Equity Working Group.

Approved the proposed Charter update for the Shoreline Preservation Working Group and authorized staff to facilitate an application process to add non-voting Technical and Community Advisors to the Working Group.

Hasan Ikhata, Executive Director

Key Staff Contact: Francesca Webb, (619) 699-1985, francesca.webb@sandag.org

Proposed FY 2021 Program Budget Amendment: Otay Mesa East Port of Entry

Overview

The State Route 11 (SR 11)/Otay Mesa East Port of Entry Corridor program is a joint venture between Caltrans and SANDAG, in collaboration with state and federal partners in the U.S. and Mexico, to create a 21st century port of entry that will enhance regional mobility, reduce greenhouse gas emissions, fuel economic growth, and bolster binational trade.

Construction is currently underway on a number of transportation improvements, including the final segment of future toll road SR 11 and the southbound connector ramps.

With all the right-of-way acquired and roadway segments for SR 11 as well as connections with State Route 905 (SR 905) and State Route 125 (SR 125) fully funded and under construction, the next major milestone is financing, design, and beginning the construction on the proposed Otay Mesa East Port of Entry.

Key Considerations

On April 17, 2020, the SANDAG Transportation Committee approved the *Otay Mesa East Port of Entry: Critical Path Forward* project for submittal to the SB 1 Trade Corridor Enhancement Program (TCEP) cycle 2. The Project will complete the critical steps required to start the final phase of the SR 11/Otay Mesa East Port of Entry Corridor Program. These investments include:

- Advanced utility relocation and services, including the relocation of two existing gas lines and bringing water, sewer, communication, and gas lines to the Port of Entry and California Highway Patrol-operated Commercial Vehicle Enforcement Facility; and
- The Otay Mesa East Port of Entry design document and supporting studies, including the design plans and specifications.

On December 2, 2020, the California Transportation Commission (CTC) approved approximately \$1.359 billion in SB 1 TCEP cycle 2 projects statewide over the next three years, including \$42.52 million for the Otay Mesa East Port of Entry: Critical Path Forward project.

Action: **Approve**

The Transportation Committee recommends that the Board of Directors approve an amendment to the FY 2021 Program Budget, accepting \$42.52 million of state Trade Corridor Enhancement Program funds and transferring \$2.6 million from the existing State Route 11 (SR 11) and Otay Mesa Port of Entry: Segment 2A and SR 905/125/11 Connectors and SR 125/905 Southbound to Westbound Connector projects (Capital Improvement Program Nos. 1201103 and 1390506) to the SR 11 and Otay Mesa East Port of Entry project (Capital Improvement Program No. 1201101).

Fiscal Impact:

Approval of the proposed budget amendment will add \$45.12 million to the Otay Mesa East Port of Entry project in the FY 2021 Program Budget.

Schedule/Scope Impact:

Approval of this action by the Board of Directors would allow the project to proceed on schedule.

Next Steps

Pending action by the Board of Directors, the work included in this grant will proceed.

In 2021, SANDAG and Caltrans will focus on securing multiple agreements with the federal agencies to staff, maintain, and operate the port of entry, as well as agreements with the federal government of Mexico to successfully achieve the financial strategy, including a toll revenue sharing agreement, and the binational operations of the congestion pricing strategy.

Three key deliverables for 2021 will include:

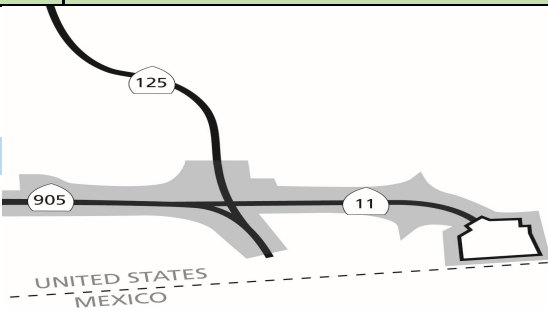
1. Completing the Investment Grade Traffic and Revenue Study, which will help develop the financial strategy to fund construction;
2. Beginning the utility relocation at the port of entry site that will bring new service utilities; and
3. Developing the design document that conveys plans and specifications requirements to contractors bidding on the project in order to commence construction of the Port of Entry and associated facilities.

Hasan Ikhata, Executive Director

Key Staff Contacts: Maria Rodriguez-Molina, (619) 699-1906, maria.rodriquezmolina@sandag.org
Mario Orso, (619) 921-4230, mario.orso@dot.ca.gov

Attachments:

1. Proposed FY 21 Program Budget Amendment for Capital Improvement Program – Capital Improvement Program No. 1201101
2. Proposed FY 21 Program Budget Amendment for Capital Improvement Program – Capital Improvement Program No. 1201103
3. Proposed FY 21 Program Budget Amendment for Capital Improvement Program – Capital Improvement Program No. 1390506
4. State Route 11/Otay Mesa East Brochure
5. SB 1 TCEP *Otay Mesa East Port of Entry: Critical Path Forward* Fact Sheet

PROPOSED FY 21 BUDGET															
Project Number: 1201101		Corridor Director: Mario Orso													
RTIP Number: V11		Project Manager: Jacqueline Appleton-Deane													
Project Name: SR 11 and Otay Mesa East Port of Entry		PM Phone Number: (619) 491-3080													
PROJECT SCOPE		SITE LOCATION	PROGRESS TO DATE												
Design and right-of-way (ROW) for four-lane toll highway from SR 125 to proposed Port of Entry (POE), including the proposed Commercial Vehicle Enforcement Facility (CVEF) and POE at the Mexico border. Construction of CVEF, POE, and tolling system. Prepare engineering studies for the Otay Mesa East POE and tolling system. SR 11 Otay East Bridging Document - 30% Architectural Plans, Investment Grade Traffic and Revenue Study, Bond Counsel, Documents Required for Bond Issuance.			Design and ROW were complete on four-lane highway from SR 125 to the POE. Design of the Siempre Viva Interchange is 100 percent complete. CVEF and POE are scheduled to begin July 2020. The innovation analysis study for the POE is complete.												
PROJECT LIMITS			MAJOR MILESTONES												
On new alignment from SR 125 to the U.S.-Mexico Border.			<table><tr><td>Draft Environmental Document</td><td>Apr-11</td></tr><tr><td>Final Environmental Document</td><td>Mar-12</td></tr><tr><td>Ready to Advertise</td><td>Mar-22</td></tr><tr><td>Begin Construction</td><td>Jul-22</td></tr><tr><td>Open to Public</td><td>Dec-24</td></tr><tr><td>Construction Complete</td><td>Dec-26</td></tr></table>	Draft Environmental Document	Apr-11	Final Environmental Document	Mar-12	Ready to Advertise	Mar-22	Begin Construction	Jul-22	Open to Public	Dec-24	Construction Complete	Dec-26
Draft Environmental Document	Apr-11														
Final Environmental Document	Mar-12														
Ready to Advertise	Mar-22														
Begin Construction	Jul-22														
Open to Public	Dec-24														
Construction Complete	Dec-26														

SANDAG EXPENDITURE PLAN (\$000)

	PRIOR YEARS		FY 20		FY 21		FY 22		FY 23		FY 24		FY 25		FY 26		FY 27		FY 28		FY 29		TOTAL		
Administration	\$2,362	\$2,362	\$435	\$435	\$1,117	\$1,117	\$980	\$980	\$5	\$5	\$5	\$5	\$5	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,914	\$	4,914
Environmental Document	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Design	3,920	3,920	224	224	8,868	9,588	4,900	10,660	0	2,020	0	0	0	0	0	0	0	0	0	0	0	0	17,912	26,412	
Right-of-Way Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Right-of-Way Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Legal Services	478	478	304	304	2,646	2,646	2,396	2,396	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,824	5,824	
Communications	334	334	93	94	523	522	400	400	0	0	1,350	0	0	0	0	0	0	0	0	0	0	1,350	1,350		
Project Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total SANDAG	\$7,094	\$7,094	\$1,056	\$1,057	\$13,154	\$13,873	\$8,676	\$14,436	\$5	\$2,025	\$5	\$5	\$5	\$5	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$30,000	\$38,500		

CALTRANS EXPENDITURE PLAN(\$000)

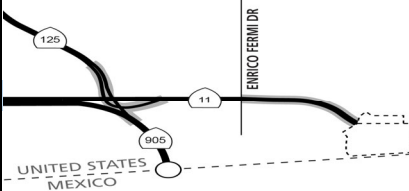
	PRIOR YEARS	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	TOTAL
Environmental Document	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Design	26,200	26,200	3,116	3,116	3,777	3,777	3,296	3,296	0	0	0	36,389
Right-of-Way Support	4,164	4,164	243	243	1,270	2,270	0	2,000	0	810	0	5,677
Right-of-Way Capital	60,396	60,396	22,681	22,681	21,514	23,514	0	25,000	0	5,000	0	104,591
Construction Support	0	0	0	0	0	0	45,504	13,651	0	20,803	0	45,504
Construction Capital	0	0	0	0	0	0	366,224	109,867	0	160,964	0	366,224
Total Caltrans	\$90,760	\$90,760	\$26,040	\$26,040	\$26,561	\$29,561	\$153,814	\$0	\$187,577	\$0	\$90,177	\$558,385
Total Proposed SANDAG & Caltrans	\$97,854	\$97,854	\$27,096	\$27,097	\$39,715	\$43,434	\$423,720	\$168,250	\$5	\$189,602	\$5	\$588,385
TransNet Pass-Through	\$202	\$202	\$0	\$0	\$4,825	\$2,178	\$0	\$3,647	\$0	\$0	\$0	\$5,027
Caltrans PM Services (PIO #90)	\$0	\$0	\$0	\$0	\$500	\$500	\$500	\$500	\$0	\$0	\$0	\$1,000
Caltrans Pass-Through	\$1,579	\$1,579	0	\$0	0	\$0	0	\$0	\$5	\$0	\$5	\$1,579

FUNDING PLAN(\$000)

FUNDING SOURCE	PRIOR YEARS		FY 20		FY 21		FY 22		FY 23		FY 24		FY 25		FY 26		FY 27		FY 28		FY 29		TOTAL	
Federal																								
74030001 ITS - SANDAG	\$438	\$438	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$0	\$0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$439	\$439	
74040001 CBI - SANDAG	\$1,470	\$1,470	0	0	\$3,695	\$3,695	\$6,426	\$6,426	\$5	\$5	\$5	\$5	5	\$5	5	0	0	0	0	0	0	\$11,611	\$11,611	
74040002 FHWA-STBG - SANDAG	0	\$0	0	0	\$7,300	\$7,300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$7,300	\$7,300	
CBI - Caltrans	\$87,840	\$87,840	\$19,104	18,975	\$10,476	\$10,605	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$117,419	\$117,420	
FHWA STBG - Caltrans	0	\$0	0	0	\$11,054	\$11,054	\$1,446	\$1,446	0	0	0	0	0	0	0	0	0	0	0	0	0	\$12,500	\$12,500	
RSTP	0	\$0	0	0	0	0	\$2,500	\$2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	\$2,500	\$2,500	
State																								
83010001 STIP - SANDAG	\$109	\$109	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$109	\$109	
82500005 SB1-TCEP (Cycle #2)	0	\$0	0	0	3,500	3,500	31,000	31,000	7,210	7,210	810	810	0	0	0	0	0	0	0	0	0	0	\$42,520	
TCEP- Caltrans	\$2,872	\$2,872	\$6,988	\$6,988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$9,860	\$9,860	
Local																								
91000100 TransNet -Border	\$2,511	\$2,511	0	130	\$5,964	\$5,207	627	627	0	0	0	0	0	0	0	0	0	0	0	0	0	\$8,475	\$8,475	
91000100 TransNet-MC	\$2,614	\$2,614	\$1,004	1,004	\$1,225	\$1,205	20	20	0	0	0	0	0	0	0	0	0	0	0	0	0	\$4,843	\$4,843	
93140001 SR 125 Toll Revenues	0	\$0	0	0	867	867	1,113	1,113	620	620	0	0	0	0	0	0	0	0	0	0	0	\$2,600	\$2,600	
TOTAL	\$97,854	\$97,854	\$27,096	\$27,097	\$39,715	\$43,344	\$10,372	\$43,132	\$5	\$7,835	\$5	\$815	\$5	\$5	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$175,057	\$220,177	

Note: The entire cost of this project is estimated to be \$633.505 million. Continued progress is subject to a funding allocation.

PROPOSED FY 21 BUDGET

Project Number:	1201103	Corridor Director:	Mario Orso
RTIP Number:	V11	Project Manager:	Jacqueline Appleton-Deane
Project Name:	SR 11 and Otay Mesa East Port of Entry: Segment 2A and SR 905/125/11 Southbound Connectors Construction	PM Phone Number:	(619) 491-3080
PROJECT SCOPE	SITE LOCATION		PROGRESS TO DATE
Construct SR 11 four-lane toll highway from Enrico Fermi Drive to the proposed Otay Mesa East Port of Entry, and the SR 125 southbound to eastbound SR 905 and eastbound SR 11 connectors.			Construction is 85 percent complete.
PROJECT LIMITS			MAJOR MILESTONES
On new alignment from Enrico Fermi Drive to Otay Mesa Port of Entry and at SR 905/125/11 interchange.			Draft Environmental Document N/A
			Final Environmental Document N/A
			Ready to Advertise N/A
			Begin Construction May-19
			Open to Public Dec-21
			Construction Complete Oct-24

	PRIOR YEARS		FY 20		FY 21		FY 22		FY 23		FY 24		FY 25		FY 26		FY 27	FY 28	FY 29	TOTAL	
Administration	\$2	\$2	\$276	\$196	\$216	\$42	\$8	\$16	\$4	\$7	\$2	\$4	\$1	\$2	\$0	\$0	\$0	\$0	\$0	\$508	\$269
Environmental Document	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Design	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Right-of-Way Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Right-of-Way Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Construction Support	0	0	150	0	50	0	25	0	25	0	0	0	0	0	0	0	0	0	0	\$250	0
Construction Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Legal Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Communications	0	0	100	97	30	33	20	10	0	0	0	0	0	0	0	0	0	0	0	\$150	140
Project Contingency	0	0	1,855	0	1,855	1,000	240	900	50	1,100	0	0	0	0	0	0	0	0	0	\$4,000	3,000
Total SANDAG	\$2	\$2	\$2,381	\$293	\$2,151	\$1,075	\$293	\$926	\$79	\$1,107	\$2	\$4	\$1	\$2	\$0	\$0	\$0	\$0	\$0	\$4,908	\$3,409

CALTRANS EXPENDITURE PLAN(\$000)

	PRIOR YEARS		FY 20		FY 21		FY 22		FY 23		FY 24		FY 25		FY 26		FY 27	FY 28	FY 29	TOTAL	
Environmental Document	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Design	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Right-of-Way Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Right-of-Way Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Construction Support	231	231	8,830	5,702	8,630	6,720	954	5,200	213	762	135	381	57	54	0	0	0	0	0	0	\$19,050
Construction Capital	0	0	51,359	38,161	39,043	66,000	16,470	3,100	1,243	854	0	0	0	0	0	0	0	0	0	0	\$108,115
Total Caltrans	\$231	\$231	\$60,189	\$43,863	\$47,673	\$72,720	\$17,424	\$8,300	\$1,456	\$1,616	\$135	\$381	\$57	\$54	\$0	\$0	\$0	\$0	\$0	\$0	\$127,165
Total Proposed SANDAG & Caltrans	\$233	\$233	\$62,570	\$44,156	\$49,824	\$73,795	\$17,717	\$9,226	\$1,535	\$2,723	\$137	\$385	\$58	\$56	\$0	\$0	\$0	\$0	\$0	\$0	\$132,074
SBX Pass-Through	\$0	\$39	\$0	\$5,729	\$1,433	\$5,169	\$3,370	\$624	\$1,743	\$150	\$0	\$56	\$0	\$24	\$0	\$0	\$0	\$0	\$0	\$0	\$11,791

FUNDING PLAN(\$000)

FUNDING SOURCE	PRIOR YEARS		FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	TOTAL								
Federal																					
CBI	\$102	\$102	\$1,491	\$941	\$1,263	\$1,182	\$422	\$914	\$38	\$134	\$24	\$67	\$10	10	\$0	\$0	\$0	\$0	\$0	\$3,350	\$3,350
FASTLANE	\$0	\$0	\$23,448	\$16,186	\$18,600	\$31,291	\$6,689	\$1,413	\$543	\$390	\$0	\$0	\$0	0	\$0	\$0	\$0	\$0	\$0	\$49,280	\$49,280
State																					
SHOPP	0	\$0	\$25,891	19,385	\$20,930	33,526	\$7,458	1,575	640	433	0	0	0	0	0	0	0	0	0	\$54,919	\$54,919
TCIF	91	\$91	\$3,629	2,346	\$2,952	2,760	984	2,136	90	313	55	157	23	22	0	0	0	0	0	\$7,825	\$7,825
Local																					
93140001 SR 125 Toll Revenues	40	\$40	\$8,110	5,298	\$6,079	5,036	\$2,164	3,188	224	1,453	58	161	25	24	0	0	0	0	0	\$16,700	\$15,200
TOTAL	\$233	\$193	\$62,570	\$38,858	\$49,824	\$73,795	\$17,717	\$9,226	\$1,535	\$2,723	\$137	\$385	\$58	\$56	\$0	\$0	\$0	\$0	\$0	\$132,074	\$130,574

PROPOSED FY 21 BUDGET

Project Number:	1390506	Corridor Director:	Mario Orso
RTIP Number:	CAL38C	Project Manager:	Jacqueline Appleton-Deane
Project Name:	SR 125/905 Southbound to Westbound Connector	PM Phone Number:	(619) 491-3080

PROJECT SCOPE	SITE LOCATION	PROGRESS TO DATE											
Construct SR 125/905 southbound to westbound freeway grade-separated interchange connector.	LA MEDIA RD PIPER RANCH RD OTAY MESA RD AIRWAY RD SR 125 SR 905 SR 11 PROJECT LOCATION	Construction is 20 percent complete.											
PROJECT LIMITS		MAJOR MILESTONES											
Construct SR 125/905 southbound to westbound freeway grade-separated interchange connector.		<table><tr><td>Draft Environmental Document</td><td>N/A</td></tr><tr><td>Final Environmental Document</td><td>N/A</td></tr><tr><td>Ready to Advertise</td><td>May-20</td></tr><tr><td>Begin Construction</td><td>Jul-20</td></tr><tr><td>Open to Public</td><td>Oct-22</td></tr><tr><td>Construction Complete</td><td>Nov-25</td></tr></table>	Draft Environmental Document	N/A	Final Environmental Document	N/A	Ready to Advertise	May-20	Begin Construction	Jul-20	Open to Public	Oct-22	Construction Complete
Draft Environmental Document	N/A												
Final Environmental Document	N/A												
Ready to Advertise	May-20												
Begin Construction	Jul-20												
Open to Public	Oct-22												
Construction Complete	Nov-25												

SANDAG EXPENDITURE PLAN (\$000)

	PRIOR YEARS		FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	TOTAL											
Administration	\$0	\$0	\$1	\$1	\$2	\$2	\$2	\$2	\$2	\$2	\$3	\$2	\$5	\$1	\$0	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$10	\$15
Environmental Document	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Design	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Right-of-Way Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Right-of-Way Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Construction Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Construction Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Legal Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Communications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
Project Contingency	0	0	0	0	220	220	1,627	1,000	1,017	494	0	50	0	0	0	0	0	0	0	0	0	0	\$2,864	1,764
Total SANDAG	\$0	\$0	\$1	\$1	\$222	\$222	\$1,629	\$1,002	\$1,019	\$496	\$3	\$52	\$5	\$1	\$0	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$2,874	\$1,779

CALTRANS EXPENDITURE PLAN(\$000)

	PRIOR YEARS		FY 20		FY 21		FY 22		FY 23		FY 24		FY 25		FY 26		FY 27		FY 28		FY 29		TOTAL	
Environmental Document	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Design	2,774	2,774	1,733	1,733	350	350	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$4,857	\$4,857
Right-of-Way Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	\$0
Right-of-Way Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	\$0
Construction Support	0	0	0	0	2,150	1,537	2,700	2,300	140	650	11	300	0	175	0	38	0	0	0	0	0	0	\$5,001	\$5,000
Construction Capital	0	0	0	0	1,498	1,462	11,083	10,317	6,924	6,257	5,728	999	0	0	0	0	0	0	0	0	0	0	\$25,233	\$19,035
Total Caltrans	\$2,774	\$2,774	\$1,733	\$1,733	\$3,998	\$3,349	\$13,783	\$12,617	\$7,064	\$6,907	\$5,739	\$1,299	\$0	\$175	\$0	\$38	\$0	\$0	\$0	\$0	\$0	\$0	\$35,091	\$28,892
Total Proposed SANDAG & Caltrans	\$2,774	\$2,774	\$1,734	\$1,734	\$4,220	\$3,571	\$15,412	\$13,619	\$8,083	\$7,403	\$5,742	\$1,351	\$5	\$176	\$0	\$43	\$0	\$0	\$0	\$0	\$0	\$0	\$37,965	\$30,671
SBX Pass-Through	\$0	\$0	\$0	\$0	\$1,433	\$1,356	\$3,370	\$3,122	\$1,743	\$1,659	\$0	\$250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,027	\$6,387

FUNDING PLAN(\$000)

FUNDING SOURCE	PRIOR YEARS		FY 20	FY 21	FY 22		FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	TOTAL			
Federal																	
DEMO	\$2,774	\$2,774	\$1,733	\$1,733	\$350	\$350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,857	\$4,857	
State																	
SB1-TCEP*	0	\$0	0	0	2,127	2,422	9,758	8,545	4,912	4,438	5,183	905	0	175	0	\$21,980	\$16,523
TCIF*	0	\$0	0	0	88	86	655	610	409	370	556	59	0	0	0	\$1,708	\$1,125
Local																	
93140001 SR 125 Revenues	0	\$0	1	1	1,655	713	4,999	4,464	2,762	2,595	3	387	0	1	0	\$9,420	\$8,161
TOTAL	\$2,774	\$2,774	\$1,734	\$1,733	\$4,220	\$3,571	\$15,412	\$13,619	\$8,083	\$7,403	\$5,742	\$1,351	\$0	\$176	\$0	\$37,965	\$30,666

*TCEP is reduced by \$5.4M and TCIF is reduced by \$.583M due to low bids. Funding is being returned to the state.

SR 11 OTAY MESA EAST

PORT OF ENTRY

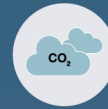
A Vision for Economic Growth, Sustainability, and Innovation

The State Route 11 (SR 11)/Otay Mesa East Port of Entry Project is a joint effort between the San Diego Association of Governments (SANDAG) and Caltrans, in collaboration with state and federal partners in the U.S. and Mexican governments, to create a **21st century border crossing** for the San Diego-Baja California region. The project provides a unique opportunity to develop a new multimodal land port of entry, in close coordination with Mexico's future Mesa de Otay II Port of Entry.

Attachment 4



REDUCE WAIT TIMES



REDUCE GREENHOUSE GAS EMISSIONS



FUEL ECONOMIC GROWTH



ENHANCE REGIONAL MOBILITY

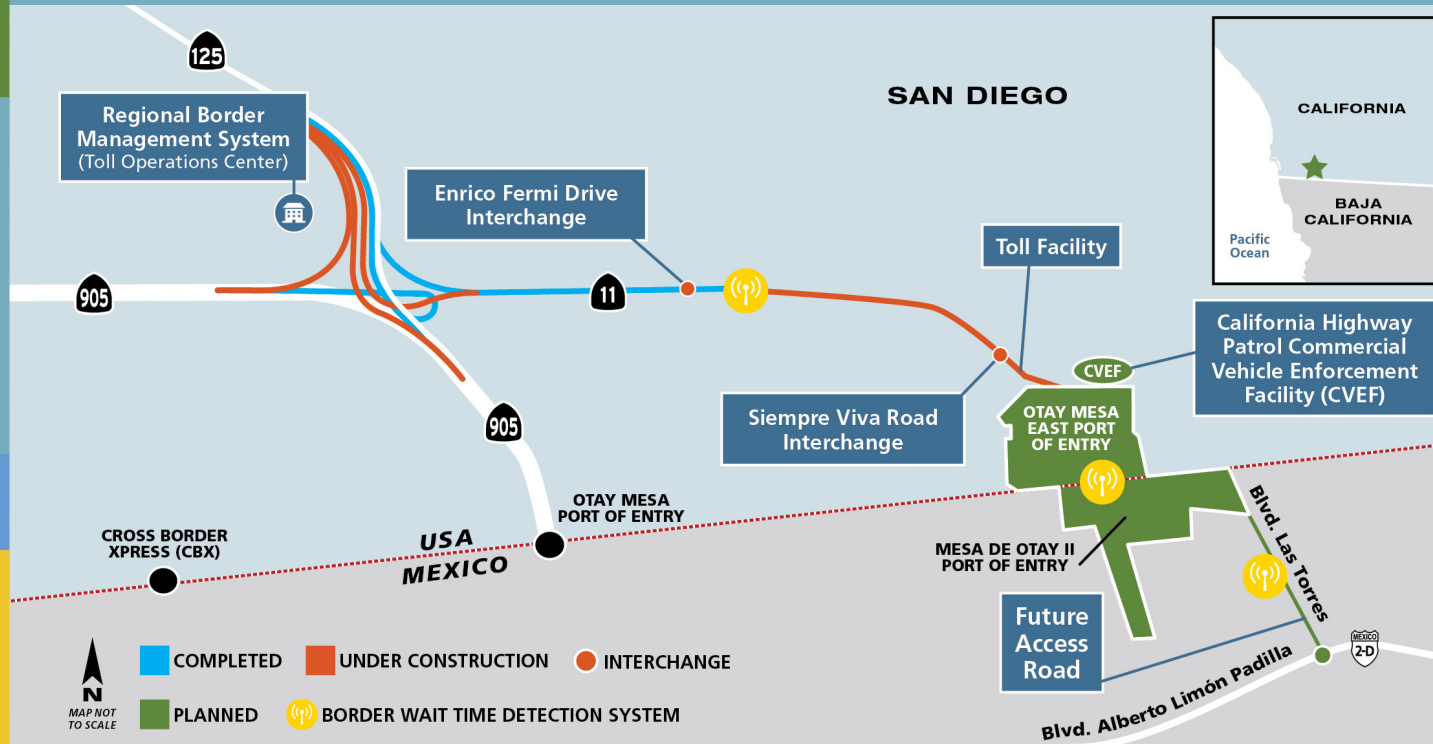


STRENGTHEN BORDER SECURITY AND RESILIENCY



BOLSTER BINATIONAL TRADE

State Route 11/Otay Mesa East Port of Entry Project Features



@SDCaltrans
@SANDAG



CaltransDistrict11
SANDAGregion



CaltransDistrict11
SANDAGregion



@sdcaltrans
@SANDAGregion

SANDAG



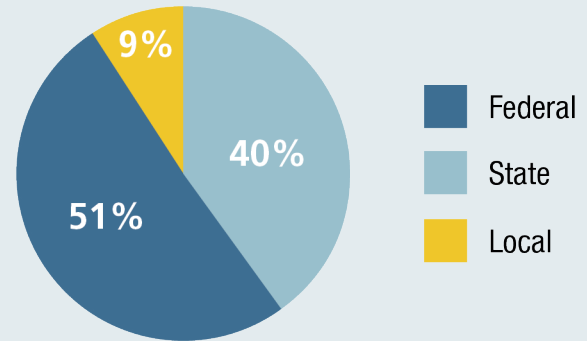
PURPOSE & NEED

The U.S. and Mexico continue to improve existing border infrastructure, but increasing demands on today's border crossings in the San Diego-Baja California region are impeding mobility. Insufficient capacity at these border crossings costs both countries billions of dollars annually in foregone economic output.



The Otay Mesa East Port of Entry, complemented by Mesa de Otay II on the Mexican side, will help solve this problem. Using variable tolls to manage traffic demand, the port of entry will provide a new relief valve, resulting in decreased congestion and wait times at the other San Diego land ports of entry.

Project Funding Breakdown



Total of \$563 million invested to date

Total cost for facility on both sides of border estimated at approximately \$1 billion

Decreasing Wait Times

Currently, travelers crossing the border between Tijuana and San Diego experience average wait times of 1.5 - 2 hours for passenger vehicles, and 1 - 2 hours for commercial vehicles. Idling trucks and cars are detrimental to the region's air quality, and contribute to greenhouse gas emissions.



The addition of the Otay Mesa East Port of Entry would have a significant and immediate impact, **reducing peak wait times at the existing ports of entry by approximately 50% on opening day.**



5hrs



6.3hrs

2040 REGIONAL WAIT TIMES WITHOUT OTAY MESA EAST



1.75hrs



40min

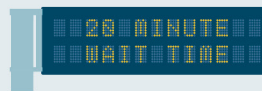
2040 REGIONAL WAIT TIMES WITH OTAY MESA EAST



Innovative Features



Interchangeable passenger and commercial vehicle primary inspection lanes will reduce wait times and maximize efficiency by taking advantage of differing peak travel times for passenger vs. commercial vehicles.



An **advanced traveler information system** will inform border crossers about toll rates, border wait times, special lane conditions, and incidents at all regional land ports of entry.

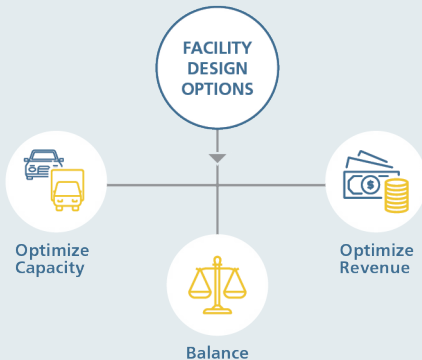


An **integrated operations system** will intelligently link traffic operations. This seamless system will be instrumental in meeting the **20-minute average wait time goal**.

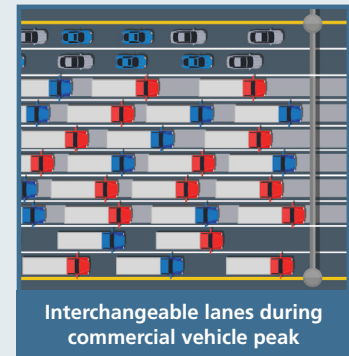
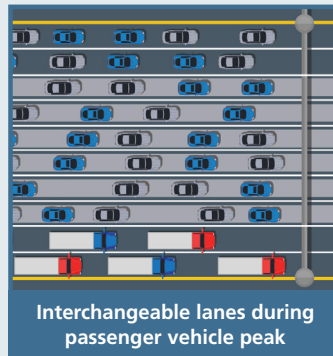
PROJECT OVERVIEW & BENEFITS

A new port of entry at Otay Mesa East will improve regional security and safety, bolster the binational economy, improve mobility and efficiency, and foster innovative technology solutions, all while **delivering a 10-1 return on investment for the San Diego region**. Through managed operations and complete corridor integrations, the new port of entry will be essential for a fully integrated regional transportation system.

Facility Design Considerations



Efficient and Flexible Facility Design



Border Management System

New technologies report current wait times to ensure travelers make informed and optimal decisions.



Binational Tolling

Tolls collected electronically at a single collection point to help manage traffic demand.



Seamless Approach Roads

Tolled approach roads connect directly to the new port of entry to enable fast and predictable crossings.

Enhanced Security and Resiliency



Security

New operational innovations will ensure secure and efficient crossings for customs officials and crossborder travelers.



Resiliency

In times of emergency, the new Otay Mesa East Port of Entry will provide needed crossborder regional redundancy by adapting and responding quickly to increases in traffic.

Improving Mobility

4

Existing land ports of entry in the San Diego-Baja California region

112M

Crossed through San Diego County ports of entry in both directions (2019 estimate)

30.7%

Growth in individual border crossings (2009-2019)

#1

The region's ports of entry are the busiest border crossings in the Western Hemisphere

1M

Northbound truck crossings at Otay Mesa and Tecate ports of entry (2019)

Bolstering Binational Trade

\$614.5B

Value of annual trade between U.S. and Mexico (2019)

#1

Mexico is California's largest export market (2019)

\$48.3B

In goods crossed between Mexico and U.S. at existing Otay Mesa and Tecate ports of entry (2019)

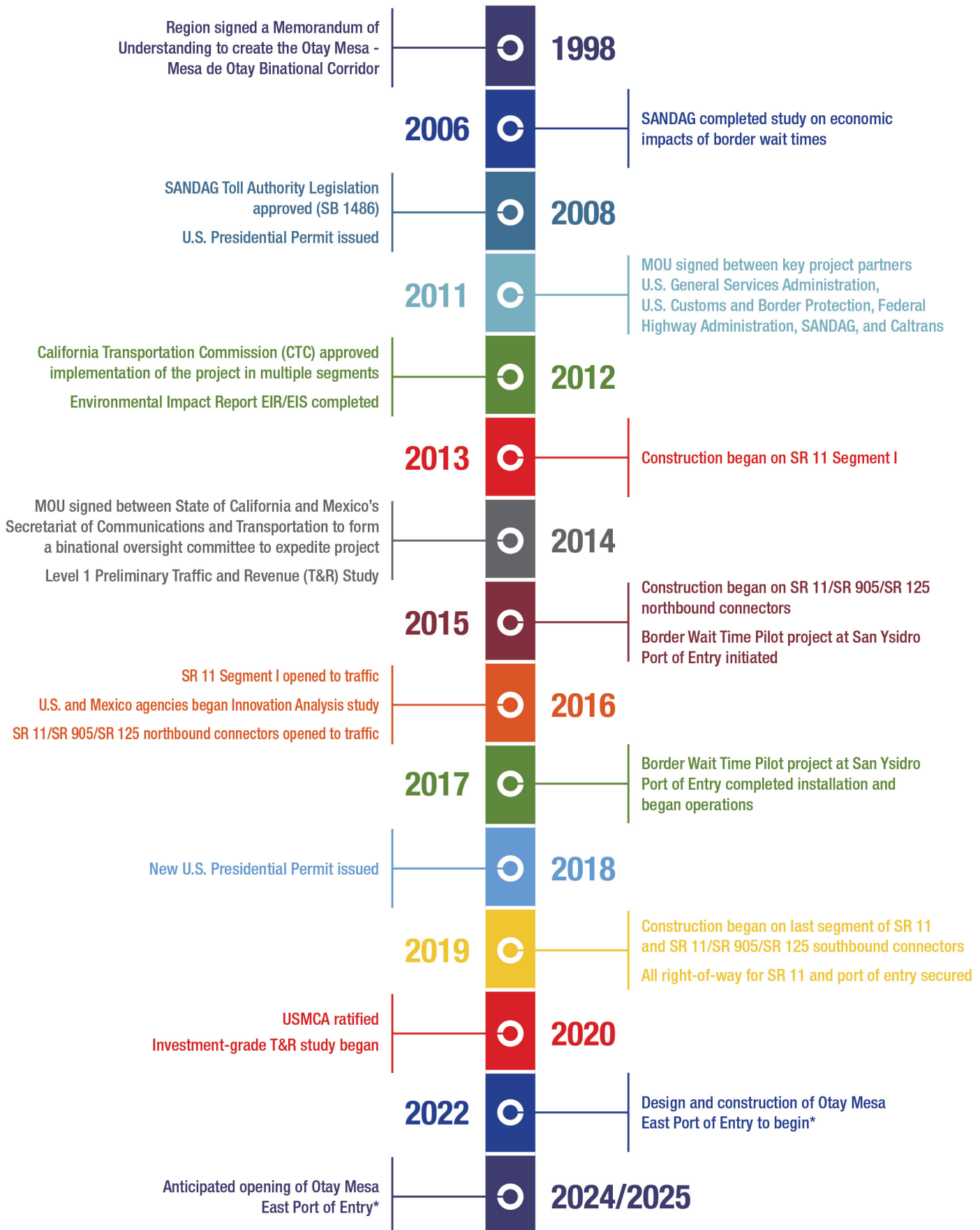
#2

Otay Mesa Port of Entry ranks second among all U.S.-Mexico border crossings in total truck crossing volume (2019)

72%

Amount of total California-Mexico border trade via truck that moves through Otay Mesa Port of Entry (2019)

PROJECT MILESTONES



July 2020

2020 TRADE CORRIDOR ENHANCEMENT PROGRAM GRANT APPLICATION FACT SHEET

Otay Mesa East Port of Entry: Critical Path Forward

The *Otay Mesa East Port of Entry (OME POE): Critical Path Forward Project* (Project), submitted in partnership between SANDAG and Caltrans District 11, focuses on the critical design and advanced utility improvements for the San Diego Border Region's State Route-11/OME POE (Corridor Program). The nearly \$945 million Corridor Program will be the nation's first transformative POE to integrate innovative technologies that will increase travel time reliability and reduce border crossing wait times and vehicular emissions while enhancing cross-border travel and trade. To date, this master-planned Corridor Program has garnered \$523 million from federal, state, and local resources to construct the roadway facilities leading to the OME POE and acquire right-of-way for the site.

With the final segments of the OME POE approach road (SR-11) currently under construction, this \$42.52 million Trade Corridor Enhancement Program request would complete the critical steps required prior to starting the final phase of the Corridor Program. These investments include:

- Advanced utility relocation and services, including the relocation of two existing gas lines and bringing water, sewer, communication, and gas lines to the POE and CHP-operated Commercial Vehicle Enforcement Facility; and
- The OME POE "bridging document" and supporting studies, including the design plans and specifications.

Benefits

The U.S. and Mexico continue to enhance existing San Diego-Baja California border infrastructure; however increasing demands on today's border crossings in the region are impeding mobility. Insufficient capacity at these border crossings, coupled with two-hour average wait times, costs both countries billions of dollars annually in foregone economic output while adversely impacting air quality in border communities.

The SR-11/OME POE, complemented by Mesa de Otay II on the Mexican side, will help solve this problem. Using variable tolls to provide a 20-minute average wait time goal, the POE will provide a new relief valve while managing traffic demand, resulting in decreased congestion and wait times for commercial and passenger vehicles at all the region's POEs. The new OME POE will improve mobility and efficiency, reduce greenhouse gas emissions, foster innovative technology solutions, bolster the binational economy, and support regional security and safety all while delivering a significant investment for the California-Baja California region. Through efficiently managed operations currently underway in the region's California Sustainable Freight Action Plan border pilot project, the new POE will be essential for a fully integrated regional transportation system that improves the region's quality of life and positions the State for implementing USMCA.

Caltrans Project Manager:

Mario Orso, Trade Corridor Director
(619) 921-4230; Mario.Orso@dot.ca.gov

Project Cost:

Total Project Cost: \$ 944,800,000

Total TCEP Request: \$ 42,520,000

OME POE Bridging Document Schedule (Design Funds):

End Project Approval & Environmental Document (PA&ED): 04/01/2012

Begin Plans, Specifications, and Estimates (PS&E): 04/19/2021

Advanced Utility Relocation and Services Project Schedule (Right-of Way [R/W] funds):

End PA&ED: 04/01/2012

Begin PS&E: 08/16/2018

Begin R/W: 06/24/2020

End R/W: 03/31/2022

Corridor Program Schedule:

End PA&ED: 04/01/2012

Begin PS&E: 11/01/2011

End R/W: 12/01/2021

Ready to List: 01/04/2022

Begin Construction: 07/20/2022

End Construction: 12/20/2024

Project Website and Video:

<https://www.keepsandiegomoving.com/SR-11-Corridor/SR11-intro.aspx>

<https://www.youtube.com/watch?v=4Xbn6YEPx0>



Appointment of Policy Advisory Committee Members and Designation of Transit Representatives to the Board of Directors

Overview

Pursuant to [SANDAG Board Policy No. 002](#), the Chair has selected the Chair and Vice Chair for each of the Policy Advisory Committees. Attachment 1 identifies these designations as well as the voting and advisory members appointed to the Policy Advisory Committees by each of the subregions.

The Chair also has designated members of the Board of Directors as public transportation representatives for the purpose of meeting federal requirements.

Key Considerations

In accordance with federal surface transportation authorization, guidance requires representation by “providers of public transportation” on the Board of each Metropolitan Planning Organization (MPO) serving a transportation management area. The role of the public transportation representative is to consider the needs of all eligible providers of public transportation in the metropolitan planning area and to address those issues that are relevant to the responsibilities of the MPO. The policy guidance also states that the intent is for the public transportation representative to have equal decision-making rights and authorities as other members on the Board of Directors.

Attachment 2 reflects the primary or alternate Board members who serve as a primary or alternate member on the Metropolitan Transit System and/or North County Transit District boards. All SANDAG Board members simultaneously serving on the local transit boards will serve as public transportation representatives for the purpose of meeting the federal requirement.

Hasan Ikhata, Executive Director

Key Staff Contact: Francesca Webb, (619) 699-1985, francesca.webb@sandag.org

Attachments:

1. 2021 Membership on Policy Advisory Committees
2. Public Transit Representatives Serving on the SANDAG Board of Directors as of February 5, 2021

Action: **Information**

This report summarizes the voting and advisory members appointed to the Policy Advisory Committees, including the committee chairs and vice chairs appointed by the SANDAG Chair, and the designation of Board members as transit representatives for the purpose of meeting federal requirements.

Fiscal Impact:

None.

Schedule/Scope Impact:

None.



2021 MEMBERSHIP ON POLICY ADVISORY COMMITTEES

Attachment 1

COMMITTEE MEMBERSHIP	EXECUTIVE COMMITTEE	AUDIT COMMITTEE	TRANSPORTATION COMMITTEE	REGIONAL PLANNING COMMITTEE	BORDERS COMMITTEE	PUBLIC SAFETY COMMITTEE
North County Coastal Primary	Catherine Blakespear, Chair Mayor, City of Encinitas		David Zito Councilmember, City of Solana Beach	Terry Gaasterland Mayor, City of Del Mar	Dave Druker Councilmember, City of Del Mar	Keith Blackburn Mayor Pro Tem, City of Carlsbad
First Alternate	Lesa Heebner Mayor, City of Solana Beach		Joe Mosca Councilmember, City of Encinitas	Matt Hall Mayor, City of Carlsbad	Ryan Keim Councilmember, City of Oceanside	Chris Rodriguez Councilmember, City of Oceanside
East County Primary	Raquel Vasquez Mayor, Lemon Grove		Jennifer Mendoza Councilmember, City of Lemon Grove	John Mino Mayor, City of Santee	Laura Koval Councilmember, City of Santee	Steve Goble Councilmember El Cajon
Alternate	John Minto Mayor, Santee		Bill Wells Mayor, City of El Cajon	George Gastil Councilmember, City of Lemon Grove	Jack Shu Councilmember, City of La Mesa	Jack Shu Councilmember La Mesa
South County Primary	Mary Salas Mayor, City of Chula Vista		Bill Sandke Councilmember, City of Coronado	Mary Salas, Chair Mayor, City of Chula Vista	Serge Dedina, Chair Mayor, City of Imperial Beach	Alejandra Sotelo-Solis, Chair Mayor, City of National City
Alternate	Serge Dedina Mayor, City of Imperial Beach		Mary Salas Mayor, City of Chula Vista	Mona Rios Councilmember, City of National City	Bill Sandke Councilmember, City of Coronado	Mike Donovan Councilmember, City of Coronado
North County Inland Primary	Steve Vaus Mayor, City of Poway		Paul McNamara Mayor, City of Escondido	Rebecca Jones Mayor, City of San Marcos	Paul McNamara Mayor, City of Escondido	Caylin Frank Councilmember, City of Poway
Alternate	Rebecca Jones Mayor, City of San Marcos		Judy Ritter Mayor, City of Vista	Joe Green Councilmember, City of Vista	John Mullin Councilmember, City of Poway	Ed Musgrove Councilmember, City of San Marcos
City of San Diego Primary	Todd Gloria, Vice Chair Mayor, City of San Diego		Raul Campillo, Vice Chair Councilmember, City of San Diego	Sean Elo-Rivera Councilmember, City of San Diego	Vivian Moreno, Vice Chair Councilmember, City of San Diego	Raul Campillo Councilmember, City of San Diego
First Alternate	Vivian Moreno Councilmember, City of San Diego		Vivian Moreno Councilmember, City of San Diego	Stephen Whitburn Councilmember, City of San Diego	Sean El-Rivera Councilmember, City of San Diego	Marni von Wilpert Councilmember, City of San Diego
Second Alternate	Marni von Wilpert Councilmember, City of San Diego					
County of San Diego Primary	Terra Lawson-Remer Supervisor, County of San Diego		Nora Vargas, Chair Supervisor, County of San Diego	Terra Lawson-Remer, Vice Chair Supervisor, County of San Diego	Joel Anderson Supervisor, County of San Diego	Nora Vargas, Vice Chair Supervisor, County of San Diego
Alternate	Joel Anderson Supervisor, County of San Diego		Terra Lawson-Remer Supervisor, County of San Diego	Nora Vargas Supervisor, County of San Diego	Nora Vargas Supervisor, County of San Diego	
Second Alternate			Joel Anderson Supervisor, County of San Diego			

Public Transit Representatives Serving on the SANDAG Board of Directors as of February 5, 2021

Metropolitan Transit System (MTS) Primary Board Members on the Board of Directors

Paloma Aguirre, Councilmember, City of Imperial Beach*
Ronn Hall, Councilmember, Santee*
Sean Elo-Rivera, Councilmember, City of San Diego*
Vivian Moreno, Councilmember, City of San Diego*
Mary Salas, Mayor, Chula Vista
Caylin Frank, Councilmember, City of Poway*
Bill Sandke, Councilmember, Coronado*
Todd Gloria, Mayor, City of San Diego
Alejandra Sotelo-Solis, Mayor, National City
Akilah Weber, Councilmember, La Mesa*
Steve Goble, Councilmember, El Cajon*
George Gastil, Councilmember, Lemon Grove*

MTS Alternate Board Members on the Board of Directors

Jennifer Mendoza, Councilmember, City of Lemon Grove*
John Mullin, Councilmember, City of Poway*
Marni von Wilpert, Councilmember, City of San Diego*
Joe LaCava, Councilmember, City of San Diego*
Raul Campillo, Councilmember, City of San Diego*
Rob McNelis, Vice Mayor, City of Santee*
Nora Vargas, Supervisor, County of San Diego*
Richard Bailey, Mayor, Coronado
Mark Arapostathis, Mayor, La Mesa*
Marcus Bush, Councilmember, National City

North County Transit District (NCTD) Primary Board Members on the Board of Directors

Tony Kranz, Deputy Mayor, City of Encinitas*
Jewel Edson, Councilmember, City of Solana Beach*
Priya Bhat-Patel, Councilmember, City of Carlsbad*
Dan Quirk, Councilmember, Del Mar*
Paul McNamara, Mayor, City of Escondido
Sharon Jenkins, Councilmember, City of San Marcos*
Marni von Wilpert, Councilmember, City of San Diego*

NCTD Alternate Board Members on the Board of Directors

Terry Gaasterland, Deputy Mayor, City of Del Mar
Kellie Hinze, Councilmember, City of Encinitas*
Mike Morasco, Councilmember, City of Escondido*
Ryan Keim, Deputy Mayor, Oceanside*
Terra Lawson-Remer, Supervisor, County of San Diego
Ed Musgrove, Councilmember, City of San Marcos

* Alternate to SANDAG Board of Directors

Executive Director Delegated Actions

Overview

Various Board Policies require the Executive Director to report certain actions to the Board of Directors on a monthly basis or upon taking specified actions.

Delegated Actions

Legal Matters: [SANDAG Board Policy No. 008](#)

authorizes the Office of the General Counsel or outside counsel to file documents and make appearances on behalf of the agency in court proceedings.

- On January 28, 2021, in the matter of City of Coronado et al. v. SANDAG (Superior Court Case No. 37-2020-00033974), the Meyers Nave law firm appeared on behalf of SANDAG in an *ex parte* hearing on a request by YIMBY Action to intervene in the case.
- On January 29, 2021, in the matter of City of Coronado et al. v. SANDAG (Superior Court Case No. 37-2020-00033974), the Meyers Nave law firm filed Reply Briefs in support of a Demurrer and a Motion to Strike and supporting documents with the court.
- On February 5, 2021, in the matter of City of Coronado et al. v. SANDAG (Superior Court Case No. 37-2020-00033974), the Meyers Nave law firm appeared on behalf of SANDAG in a hearing on a Demurrer and a Motion to Strike.

Budget Modifications: [SANDAG Board Policy No. 017](#) authorizes the Executive Director to enter into agreements currently not incorporated in the budget and to make other budget modifications in an amount of up to \$300,000 per transaction, so long as the overall budget remains in balance. The actions for January 2021 are reflected in Attachment 1.

Contract Relief From Maintenance: [SANDAG Board Policy No. 024](#) authorizes the Executive Director to grant Relief From Maintenance and Responsibility on major elements of each major construction project on behalf of the Board.

- In a letter dated January 21, 2021, Mid-Coast Transit Constructors was granted Limited Relief From Maintenance and Responsibility for the Rose Creek U-Channel Project – Effective November 24, 2020 (CIP 1257001, Contract No. 5008600, Supplement 4).

Contract Acceptance: [SANDAG Board Policy No. 024](#) authorizes the Executive Director to accept contracts on behalf of the Board and requires all contract acceptances over \$25,000 to be reported to the Board.

- In a letter dated January 12, 2021, HMS Construction, Inc., was granted Acceptance for the Oceanside Fiber Optic Project – Effective March 3, 2020 (CIP 1131500, Contract No. 5007506, JOC7506-01). The contract value was \$82,756.76.
- In a letter dated January 21, 2021, Mid-Coast Transit Constructors was granted Acceptance for the Del Mar Bluffs Emergency Repair Project – Effective December 17, 2019 (CIP 1147300, Contract No. 5007030). The contract value was \$171,875.71.

Action: Information

In accordance with various Board Policies, this report summarizes delegated actions taken by the Executive Director since the last Board of Directors meeting.

Fiscal Impact:

FY 2021 Program Budget amendments of \$118,760 from FTA 5310, *TransNet* Senior Mini Grant, and an extended revenue agreement with San Diego Youth Services.

- In a letter dated January 28, 2021, RECON Environmental, Inc., was granted Acceptance for the Rincon Mitigation Project – Effective September 30, 2019 (CIP 1200209, Contract No. 5007505, JOC7505-03). The contract value was \$428,724.73.

Hasan Ikhata, Executive Director

Key Staff Contact: Kimberly Monasi, (619) 699-6902, kimberly.monasi@sandag.org

Attachment: 1. January 2021 Budget Transfers and Amendments

JANUARY 2021 BUDGET TRANSFERS AND AMENDMENTS

in '000s

PROJECT NUMBER	PROJECT NAME	CURRENT BUDGET	NEW BUDGET	CHANGE	EXPLANATION
3320200	Specialized Transportation Grant Program	\$123.89	\$218.49	\$94.60	Reallocation of staff hours to accommodate increased time spent on grant project. Increase FTA 5310 and <i>TransNet</i> Sr Mini Grant administration funds.
2352900	CJAM - CAT+ Extended Evaluation	\$0.00	\$24.17	\$24.17	Extended revenue agreement with San Diego Youth Services. Total multi-year budget increased to \$60,483.

Review of Proposed Amendments to Bylaws and Board Policies: Second Vice Chair and Leadership Election Schedule

Overview

At its January 22, 2021, meeting, the Board of Directors directed staff to prepare proposed amendments for its consideration that would re-establish the Second Vice Chair position. Additionally, staff was requested to propose modifications to the procedures and timing for the election of Board officers. Article IX.1(b) of the Bylaws requires that prior to being taken to the Board for approval, proposed amendments should be taken to the Executive Committee preliminarily for review and discussion, and then brought to the Executive Committee at a subsequent meeting for a recommendation to the Board. It may be noted that the “should” in this provision is advisory rather than directive, allowing the Executive Committee to forward any recommendation directly to the Board for consideration should the Committee so elect. The proposed amendments will be considered by the Executive Committee at its February 12, 2021, meeting; any recommendations from the Executive Committee will be orally presented to the Board at its meeting on February 12.

Action: Adopt

Pending action by the Executive Committee at its February 12 meeting, the Board of Directors will be asked to adopt the proposed amendments to the Bylaws and Board Policies related to reinstating the Second Vice Chair position and the Board leadership election schedule.

Fiscal Impact:

None.

Schedule/Scope Impact:

None.

Key Considerations

In order to re-establish the position of Second Vice Chair into the leadership structure of the Board, the SANDAG Bylaws and certain Board Policies would require amendments restoring language previously deleted at the direction of the Board in December 2015. These amendments would define the roles and responsibilities of the Second Vice Chair, including the inclusion of that officeholder as a voting member of the Executive Committee. Because subregional appointments to Policy Advisory Committees have already been made for the coming year, the election of a Second Vice Chair for the 2021-2022 term would supersede any conflicting previous appointments to the Executive Committee made by a successful candidate’s subregion. Any such subregion would then determine the appointment of a member as an alternate representative to the Executive Committee. The proposed format for these amendments, which would be made to the SANDAG Bylaws, [Board Policy No. 001: Operations Policy](#), [Board Policy No. 002: Policy Advisory Committee Membership](#), and [Board Policy No. 016: Procurement of Services](#), is reflected in Attachments 1 through 4 in redline/strikeout.

Additional amendments to the Bylaws are proposed to move the officer election cycle to January following an even-numbered election year. These proposed changes would allow for elections to take place at the first meeting of the calendar year following an election, eliminate the application and nominating committee process, thereby expediting the seating of the new officers and permit the new officers to assume office immediately following the election.

Next Steps

If adopted by the Board, any authorized amendments would go into effect immediately. The Executive Committee will be considering this item at its meeting immediately preceding the Board meeting, and any comments or recommendations from that Committee will be shared with the Board.

John Kirk, General Counsel

Key Staff Contact: Amberlynn Deaton, (619) 595-1405, amberlynn.deaton@sandag.org

Attachments:

1. SANDAG Bylaws
2. Board Policy No. 001: Operations Policy
3. Board Policy No. 002: Policy Advisory Committee Membership
4. Board Policy No. 016: Procurement of Services

SAN DIEGO ASSOCIATION OF GOVERNMENTS
BYLAWS

ARTICLE I
NAME AND PURPOSE

Section 1

The name of this organization shall be the San Diego Association of Governments (hereinafter referred to as SANDAG).

Section 2

The purposes of this organization are as set forth in the San Diego Regional Transportation Consolidation Act (the "Act"¹), as established by state and federal law, and as approved by the Board of Directors. The primary purpose for which this organization is created is to engage in regional cooperative comprehensive planning, programming and where authorized, implementation thereof, and to assist the Member Agencies.

ARTICLE II
DEFINITIONS

The following terms shall have the meanings ascribed to them within this section unless the content of their use dictates otherwise:

- a. "Board Member" shall mean a voting member of the Board of Directors.
- b. "Region" shall mean that territory physically lying within the boundaries of San Diego County.
- c. "Population" of any Member Agency shall mean that population as defined in SB 1703.
- d. "Fiscal Year" shall mean that year beginning July 1 and ending June 30.
- d. "Member Agencies" shall mean the cities within San Diego County and the County of San Diego collectively.
- e. "Subregion" shall mean one of the following six geographic areas: San Diego County; the City of San Diego; "North County Coastal," which includes the cities of Del Mar, Solana Beach, Encinitas, Carlsbad, and Oceanside; "North County Inland," which includes the cities of Vista, San Marcos, Escondido, and Poway; "South County," which includes the cities of Chula Vista, National City, Imperial Beach, and Coronado; and "East County," which includes the cities of El Cajon, Santee, La Mesa, and Lemon Grove.

ARTICLE III
MEMBERSHIP AND ORGANIZATION

Section 1

Membership in this organization shall be as provided in state law, Board Policies, and these Bylaws.

¹ Public Utilities Code §132350 *et seq.*

Section 2

- a. All powers of SANDAG shall be exercised by the Board of Directors. The Board of Directors may choose to delegate several of its responsibilities from time to time in accordance with Board policy.
- b. Only the duly selected official representative(s), or in his or her absence, his or her duly selected alternate or alternates, shall be entitled to represent his or her Member Agency in the deliberations of the Board of Directors.
- c. When changes occur, names of the official representatives and alternates shall be communicated in writing to the SANDAG Clerk of the Board by each participating Member Agency.

Section 3

There shall be at least six standing committees which shall be known as Policy Advisory Committees with the membership set forth in the Act or Board Policy.

- a. The procedure for subregional appointments to the Policy Advisory Committees shall be established by Board policy. In the case of the subregional appointments, the policy shall ensure a noticed, formal process wherein all Board Members (including alternates) from each subregion are provided an opportunity to participate in the selection process. Each subregion shall ensure that SANDAG staff is notified of the date, time, and location for that subregion's meeting. After the meeting for each subregion is set by the primary Board Members, SANDAG staff shall provide Board alternates from each subregion advance notice of the meeting. A majority of the primary members present at the subregion meeting shall make a selection by January 31. An alternate member may vote in the absence of the primary member. In appointing persons to the Transportation Committee, to the extent possible, the subregions and other agencies should avoid duplication of representation from any city other than the City of San Diego.
- b. Procedures for Policy Advisory Committee attendance and voting shall be established by Board policy. The policy shall ensure the formal delineation of the voting membership at each meeting.
- c. The Board Chair, First Vice Chair and Second Vice Chair may serve as ex-officio, non-voting members of the Policy Advisory Committees.
- d. The Board Chair shall select the Chair and Vice Chair of all Policy Advisory Committees except the Executive Committee and Audit Committee, annually in or around February.
- e. The Board Chair shall serve as the chair of the Executive Committee. The Board First Vice Chair shall serve as the First Vice Chair of the Executive Committee. The Board Second Vice Chair shall serve as the Second Vice Chair of the Executive Committee.
- f. The Chair and Vice Chair of the Audit Committee shall be selected as set forth in Board Policy No. 039.

Section 4

The Board of Directors or a Policy Advisory Committee with delegated authority shall have the authority to appoint all additional committees or working groups and may provide for the appointment of alternates to these committees if permitted by a Board Policy.

- a. Additional Policy Advisory Committees may be appointed by the Board of Directors as may be required to carry out general and continuing functions and may be abolished only upon specific action by the Board of Directors.
- b. Ad hoc specialized subcommittees or working groups may be appointed by the Board of Directors as the need arises to accomplish specific tasks. The Policy Advisory Committees may appoint working groups to advise them. Upon completion of its assignment, each ad hoc subcommittee or working group shall disband.

Section 5

In addition to any compensation mandated by state law for Board meetings, the rates below shall apply. Persons must be present for at least 1/2 of the time set for the meeting or the duration of the meeting, whichever is less, in order to be eligible for compensation.

- a. For attendance by Board Members, or alternates in their absence, at Board meetings or Board subcommittee meetings, \$150 per meeting.
- b. For attendance by Board Members and alternates when serving as a member or alternate of a Policy Advisory Committee, \$100 per meeting.
- c. For attendance by Board Members and alternates, or advisory Board members when serving as a chair of a Working Group, \$100 per meeting.
- d. For attendance by Board Members at meetings or events other than those described above when serving as an official representative of SANDAG or from which SANDAG will derive a specific benefit through the attendance of a representative, \$100 per each day of the meeting or event in which business is conducted if within the County of San Diego, or \$150 per each day of the meeting or event in which business is conducted if outside of the County of San Diego. Ethics training and similar classes of an educational nature shall not constitute an event for which compensation will be paid unless the Board Member is attending the training as an official representative of SANDAG.
- e. The limit on the total number of paid Board, Policy Advisory Committee, and Working Group meetings is six meetings per individual per month.
- f. The Chair of the Board shall receive additional monthly compensation of \$700 per month.
- g. Both the First Vice Chair and Second Vice Chair of the Board shall receive additional monthly compensation of \$350 per month.

ARTICLE IV MEETINGS

Section 1

- a. A quorum for a meeting of the Board of Directors shall be as provided for in Section 5 of this Article.
- b. A quorum shall be required for the conduct of any business of a committee. No business shall be conducted by a committee without a quorum. A simple majority of the appointed members of a committee shall constitute a quorum. All decisions by a committee shall be by simple majority of the quorum.

Section 2

Parliamentary procedure at all meetings shall be governed by Roberts Rules of Order except as otherwise modified by state law, Board Policy, or these Bylaws. SANDAG shall forward notice of the meetings of the Board of Directors and each Policy Advisory Committee, stating the time, location, and the agenda of business to each Board Member's agency and to the respective members and alternates of the Board of Directors or the Policy Advisory Committees, at the earliest time possible, but in no event less than 72 hours prior to meetings, except that such written notice of regular Board of Directors' meetings may be forwarded by first class mail or other appropriate means not less than seven days prior to such meeting.

Section 3

All meetings of a SANDAG legislative body, including without limitation regular, adjourned regular, and special meetings of the Board of Directors, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code). Closed session items should be heard by the Board of Directors unless timeliness requires consideration by the Executive Committee or, for transportation matters the Transportation Committee. The Audit Committee may hold closed sessions on matters within its purview. In any event, the Transportation Committee is authorized to convene closed sessions and make final decisions with regard to real property transactions related to transportation projects, however, this delegation does not include the authority to make a Resolution of Necessity or to commence litigation. The Transportation Committee will report real property transaction purchase amounts at the next regular meeting of the Board occurring after final execution of the purchase documents.

Section 4

The Board and committees shall meet according to the following schedule:

- a. The Board of Directors and Policy Advisory Committees shall hold their regular meetings on Fridays unless otherwise determined from time to time by the Board of Directors or Policy Advisory Committee. Regular meetings of the Board of Directors shall be held on the second and fourth Friday mornings of the month at the SANDAG offices or at other locations within San Diego County, unless otherwise provided by the Board. Special meetings of the Board of Directors or Policy Advisory Committees may be called from time to time by their respective Chair.
- b. Other committees shall meet whenever called by their respective Chair.

Section 5 (Sections 132351.2 and 132352.1 of the Public Utilities Code)

- a. There are 19 Member Agencies on the Board and a majority of the Member Agencies constitutes a quorum for the transaction of business. In order to take final action on any item, except the final vote(s) electing the Chair and First Vice Chair of the Board, which shall require use of the weighted vote procedure as described below in subsection b, a majority vote of the Board Members present on the basis of one vote per agency (tally vote) is required. After the tally vote of the Board Members is taken, a weighted vote may be called by the Board Members of any two Member Agencies unless otherwise required by law. Approval under the weighted vote procedure requires the vote of not less than four Board Members representing separate Member Agencies and not less than 51 percent of the total weighted vote to supersede the original action of the Board.

- b. The election of the Chair and First Vice Chair of the Board shall require use of the weighted vote procedure set forth in Public Utilities Code Section 132351.2(e) without a prior tally vote requirement. In the event approval using the procedure in Public Utilities Code Section 132351.2(e) cannot be obtained to allow final action on the election, one or more preliminary votes may be taken using the tally vote method in order to narrow the options sufficiently to obtain approval on the final action as required by Public Utilities Code Section 132351.2(e).
- c. The City and County of San Diego shall each determine how to allocate their tally vote between their two members by resolution and shall provide their resolutions to the SANDAG Clerk of the Board. The City and County of San Diego shall allocate their weighted votes equally.
- d. For the weighted vote, there shall be a total of 100 votes, except additional votes shall be allowed pursuant to subdivision (h). Each Member Agency shall have that number of votes determined by the following apportionment formula, provided that each agency shall have at least one vote, no agency shall have more than 50 votes, and there shall be no fractional votes in the allocation of votes to each Member Agency:
 - (1) If any agency has 50 percent or more of the total population of the San Diego County region, allocate 50 votes to that agency and follow paragraph (2), if not, follow paragraph (3).
 - (2) Total the population of the remaining agencies determined in paragraph (1) and compute the percentage of this total that each agency has.
 - (A) Multiply each percentage derived above by 50 to determine fractional shares.
 - (B) Boost fractions that are less than one, to one and add the whole numbers.
 - (C) If the answer to subparagraph (B) is 50, drop all fractions and the whole numbers are the votes for each Member Agency.
 - (D) If the answer to subparagraph (B) is less than 50, the remaining vote(s) is allocated one each to the Member Agency having the highest fraction excepting those whose vote was increased to one pursuant to subparagraph (B) above.
 - (E) If the answer to subparagraph (B) is more than 50, the excess vote is taken one each from the Member Agency with the lowest fraction. In no case shall a Member Agency's vote be reduced to less than one.
 - (3) Total the population determined in paragraph (1) and compute the percentage of this total that each Member Agency has.
 - (A) Boost fractions that are less than one to one and add the whole numbers.
 - (B) If the answer to subparagraph (A) is 100, drop all fractions and the whole numbers are the votes for each Member Agency.
 - (C) If the answer to subparagraph (A) is less than 100, the remaining vote(s) is allocated one each to the Member Agency having the highest fraction excepting those whose vote was increased to one pursuant to subparagraph (A) above.
 - (D) If the answer to subparagraph (A) is more than 100, the excess vote(s) is taken one each from the agency with the lowest fraction. In no case shall a Member Agency's vote be reduced to less than one.
- e. When a weighted vote is taken on any item that requires more than a majority vote of the Board, it shall also require the supermajority percentage of the weighted vote.
- f. The weighted vote formula shall be recomputed in the above manner every July 1.

- g. For purposes of subsection d, the population of the County of San Diego is the population in the unincorporated area of the county. In those years when the primary representative of the San Diego County Board of Supervisors to the SANDAG Board of Directors is from a district that is substantially an incorporated area, a supervisor who represents a district that is substantially an unincorporated area shall be appointed to the Board as the secondary representative. Alternatively, in those years when the primary representative of the San Diego County Board of Supervisors is from a district that is substantially an unincorporated area, a supervisor who represents a district that is substantially an incorporated area shall be appointed to the Board as the secondary representative.
- h. Any newly incorporated city shall receive one vote under the weighted vote procedure specified above until the next recomputation of the weighted vote formula, at which time the new agency shall receive votes in accordance with the recomputed formula. Until this recomputation, the total weighted vote may exceed 100.

ARTICLE V OFFICERS AND THEIR DUTIES

Section 1

The Board of Directors shall have as officers a Chair, First Vice Chair and Second Vice Chair who are primary members of the Board. Policy Advisory Committees shall have as officers a Chair and Vice Chair, who are primary or alternate members of the Board and primary members of their respective committees. The Executive Director shall be the Secretary of the Board and each Policy Advisory Committee.

- a. The Chair shall preside over Board and committee meetings and have general supervision of Board and committee affairs. The Chair shall sign all official documents when directed to do so by the Board and committees respectively.
- b. The First Vice Chair shall perform the duties of the Chair in his or her absence and perform any duties that the Chair may require. The Second Vice Chair shall perform the duties of the First Vice Chair in his or her absence and perform any duties that the Chair may require.
- c. In the event of the absence of all officers of the Board, the Immediate Past Chair may preside or the Board Chair may appoint a voting member of the Board or committee in advance to act as acting chair of the body for that meeting.

Section 2

The Board may delegate authority to the Board Chair for action consistent with Board approved criteria on categories of items.

Section 3

Election of officers of the Board of Directors shall be held every two years during a regular meeting on or before January 15. A majority of the Board Members may approve variations to the schedule in this Section in the event of a vacancy or other exigency. All officers of the Board shall be from different subregions. Officers for the Board of Directors shall be elected in the following manner:

- a. Nominations for any office may be made by Board Members at the election meeting. Only candidates who are primary members nominated from the floor on the day of election will be considered for office.
- b. Nominations shall take into account the nominee's availability, experience, skills, geographic diversity, and the benefits associated with having the First Vice Chair succeed the outgoing Chair and the Second Vice Chair succeed the outgoing First Vice Chair.
- c. The Chair and First Vice Chair shall be elected pursuant to the weighted vote process set forth in Article IV, Section 5(b) of these Bylaws.
- d. All officers shall be elected for a term(s) of two years or until their successors are elected. They shall begin their term of office immediately following the election.
- e. In the event that the Board Member who has been elected Chair, First Vice Chair or Second Vice Chair is no longer a primary member of the Board of Directors, the office shall be considered vacant.
- f. Any vacated officer position may be filled at the next regular Board meeting by nominations from the floor, and the election shall be carried out pursuant to the voting procedure otherwise applicable to the vacated officer position..

Section 4

- a. The Board of Directors shall appoint an Executive Director who shall hold office until he or she resigns or is removed by the Board of Directors. The Executive Director shall be the chief executive officer of SANDAG. The Executive Director shall have charge of all projects and property of SANDAG. The Executive Director and if she or he is an employee, the independent performance auditor, shall file with the Director of Finance of SANDAG an official bond in the minimum amount of \$100,000 or such larger amount as the Board of Directors specifies, guaranteeing faithful performance of his or her duties.
- b. The Executive Director will be responsible to the SANDAG Board of Directors as set out in Board Policies and administrative policies and manuals for the administration of SANDAG's business, including: (1) development of program objectives, definition, directions and priorities; (2) management of SANDAG programs and coordination of staff and support services; (3) the development of financial support programs for SANDAG activities; (4) the recommendation and submission of an annual SANDAG program budget to the Board of Directors; (5) execution of the adopted personnel, purchasing, and budgetary systems; and (6) development of a recommended administrative policy that includes a process to conduct staff performance evaluations on a regular basis to determine if the knowledge, skills, and abilities of staff members are sufficient to perform their respective functions, and which is brought to the Board for review on an annual basis. The Executive Director shall perform such other and additional duties as is necessary to carry out the objectives and function of SANDAG and as directed by the Board of Directors.
- c. Any additional staff support services provided by Member Agencies or others shall be coordinated by the Executive Director.
- d. The Executive Director is hereby enabled to promulgate an employee manual, as well as all other administrative policies governing the administrative procedures of SANDAG.

ARTICLE VI FINANCIAL

Section 1

The Board of Directors shall consider a draft budget for approval no later than April 1 of each year, and again during the month of May. Upon initial consideration, the Board of Directors may approve the draft budget as presented, or direct staff to either make specified revisions to the draft budget or provide the Board with additional information regarding projected revenues or proposed expenditures in the draft budget. After approval of a draft budget, the Board of Directors shall adopt a final budget no later than June 30 of each year. A copy of the draft budget when approved and a copy of the final budget when adopted shall be filed with each Member Agency.

Section 2

Responsibility for supplying funds for that portion of the budget for SANDAG, which is to be supplied by the Member Agencies, as adopted by the Board of Directors, shall be divided among the Member Agencies based on their population with each Member Agency including within its budget as funds to be supplied to SANDAG that sum of money determined by taking the ratio its population bears to the total population of the region and multiplying it by that portion of the approved budget to be supplied by the Member Agencies. Payment of this determined sum of money shall be made by each Member Agency by July 15 of each year. If payment by a Member Agency has not been made by September 1 of each year, that Member Agency shall no longer vote

as a member of the Board of Directors. A delinquent Member Agency will be allowed to vote when full payment has been made, including interest computed from July 15 at the established legal rate.

Section 3

The Director of Finance of SANDAG shall establish and maintain such funds and accounts as may be required by good accounting practice, state and federal law, and these Bylaws. The books and records of SANDAG in the hands of the Director of Finance shall be open to inspection at all reasonable times by representatives of the Member Agencies. The Director of Finance of SANDAG shall issue a Comprehensive Annual Financial Report by December 31 after the close of each fiscal year and a copy shall be provided to each of the Member Agencies.

Section 4

The Director of Finance of SANDAG shall receive, have the custody of, and disburse SANDAG funds upon the warrant or check-warrant of the Finance Manager pursuant to the accounting procedures developed under Section 3 above, and shall make the disbursements required to carry out any of the provisions or purposes of SANDAG. The Director of Finance of SANDAG may invest SANDAG funds in accordance with state and federal law. All interest collected on SANDAG funds shall be accounted for and posted to the account of such funds.

Section 5

Delegation of authority from the Board of Directors for final financial/contracting approvals, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment to serve as a limitation applicable to a particular job or program (not to be exceeded on a serial basis), shall be as follows:

- a. Up to \$100,000 to the Executive Director, subject to increase by Board action, or as may be modified in Board Policy No. 017 concerning delegation of authority to the Executive Director.
- b. Up to \$500,000 to the Executive Committee for any item, subject to increase by Board action.
- c. Up to \$500,000 to the Transportation Committee for transportation items, subject to increase by Board action.
- d. Up to \$500,000 to the Public Safety Committee for ARJIS and Criminal Justice Division items, subject to increase by Board action.
- e. The Executive Director, Executive Committee, Public Safety Committee, and Transportation Committee shall report approvals under this section to the Board of Directors at least quarterly.

Section 6

The amount budgeted for Member Assessments related to Criminal Justice database access shall be as adopted by the Board of Directors and divided among the Member Agencies using a formula based on population. Payment of this determined sum of money shall be made by each Member Agency by July 15 of each year. If payment by a Member Agency has not been made by September 1 of each year, that Member Agency shall no longer vote as a member of the Board of Directors. A delinquent Member Agency will be allowed to vote when full payment has been made, including interest computed from July 15 at the established legal rate.

ARTICLE VII
RELATIONSHIPS AND RULES OF PROCEDURE

Section 1

The functions of the Board of Directors and Policy Advisory Committees shall be established by Board policy. The Board of Directors may delegate functions to the Policy Advisory Committees as it deems appropriate.

Section 2

The Board of Directors shall provide guidance to committees and working groups. The Board may advise Member Agencies on the coordination of general plans, or on the resolution of conflicts between the general plans of agencies in the San Diego region.

Section 3

Conflicts between governmental agencies should be resolved among the affected agencies. In matters affecting more than one local government, and where requested by the affected agencies, SANDAG shall have the authority to hear and make recommendations if the conflicts are not resolved to the satisfaction of each affected agency. Regional plans should serve as the guideline for the resolution of conflicts.

Section 4

Each action taken by SANDAG that requires implementation should include designation of the agency or agencies directly responsible for such implementation.

Section 5

The general and specific references to the construction authority of SANDAG in SB 1703 shall be interpreted as applicable solely to its responsibilities for project development and construction of transit projects which were previously within the purview of the transit development boards and are consolidated under the authority of SANDAG.

ARTICLE VIII
INFORMATION AND EVALUATION

Section 1

- a. SANDAG shall disseminate information concerning its work program and activities. The required information system should be organized and categorized so that it will continue to allow full and efficient use of information by the public and private sectors.
- b. Adequate provision for public participation shall be provided as required by law and as directed by the Board of Directors.
- c. The Board shall perform an annual evaluation of SANDAG's goals, purpose, structure, and performance, directed toward continually improving the planning, coordination, and implementation process.

ARTICLE IX
AMENDMENTS

Section 1

The Board of Directors shall be responsible for making all amendments to these Bylaws.

- a. Proposed amendments may be originated by the Board of Directors, the Executive Committee, or any member of the Board of Directors.
- b. Prior to being taken to the Board of Directors for approval, proposed amendments should be taken to the Executive Committee preliminarily for review and discussion and then brought to the Executive Committee at a subsequent meeting for a recommendation for approval to the Board.
- c. A copy of any proposed amendments shall be forwarded by the Clerk of the Board to the official representative of each Member Agency, his or her alternate and the Member Agency itself, at the same time as the proposed amendments are mailed as a report attachment to the agenda for the preliminary Executive Committee meeting referred to in subsection b of this section.
- d. Amendments to these Bylaws (except those provisions mandated by state law) shall require the vote of a majority of the Member Agencies using the voting process described in Article IV, Section 5(a) of these Bylaws.

Adopted July 2003 by the SANDAG Board of Directors
Revised November 2003 by the SANDAG Board of Directors
Amended November 2004 by the SANDAG Board of Directors
Amended January 2006 by the SANDAG Board of Directors
Amended July 2007 by the SANDAG Board of Directors
Amended December 2008 by the SANDAG Board of Directors
Amended January 2010 by the SANDAG Board of Directors
Amended March 2014 by the SANDAG Board of Directors
Amended November 2014 by the SANDAG Board of Directors
Amended December 2015 by the SANDAG Board of Directors
Amended January 2017 by the SANDAG Board of Directors
Amended February 2018 by the SANDAG Board of Directors
Amended January 2019 by the SANDAG Board of Directors
Amended April 2020 by the SANDAG Board of Directors
Amended _____ by the SANDAG Board of Directors



BOARD POLICY NO. **001**

ALLOCATION OF RESPONSIBILITIES

1. Board and Policy Advisory Committees Responsibilities

Shown below are responsibilities for the Board of Directors and each of the six Policy Advisory Committees (Executive, Transportation, Regional Planning, Borders, Public Safety, and Audit). Selected responsibilities are delegated by the Board to the Policy Advisory Committees to allow SANDAG to effectively address key public policy and funding responsibilities. All items delegated to the Policy Advisory Committees are subject to Board ratification.

All functions not specifically delegated by the Board to a Policy Advisory Committee may be delegated to a Policy Advisory Committee on a one-time basis upon request by the Executive Director and approval by the Chair. Such actions shall be reported to the Board at its next regular meeting.

2. Board Responsibilities

- 2.1 Approve the Regional Plan, which merges the Regional Comprehensive Plan (RCP), the Regional Transportation Plan, and the Sustainable Communities Strategy as well as plan components and other regional plans (e.g., Regional Energy Plan, MHCP, etc.)
- 2.2 Approve Regional Transportation Improvement Program (RTIP) and corridor studies
- 2.3 Fulfill responsibilities of the consolidated agency as set forth in the San Diego Regional Transportation Consolidation Act (Public Utilities Code §132350 *et seq.*)
- 2.4 Fulfill the responsibilities of the San Diego Regional Transportation Commission (RTC)
- 2.5 Approve programming of funds (TDA, CMAQ, STIP, etc.)
- 2.6 Certify/adopt project environmental documents pursuant to the National Environmental Policy Act or the California Environmental Quality Act
- 2.7 Approve Overall Work Program and Program Budget
- 2.8 Approve amendments to the Program Budget and Overall Work Program and authorize contracts with consultants for amounts equal to or greater than the amounts to be determined for administrative and policy committee authorization.
- 2.9 Approve the annual legislative agenda
- 2.10 Provide policy direction through Policy Development Board meetings
- 2.11 Appoint Committees and Board officers
- 2.12 Delegate responsibilities to Policy Advisory Committees and ratify Committee actions. All items delegated to the five Policy Advisory Committees are subject to direct Board action upon request of any members.

- 2.13 Delegate responsibilities to Board Chair consistent with Board criteria. Conference sponsorships and proclamations are hereby delegated subject to current or subsequently approved criteria.
- 2.14 Develop and adopt an administration policy that includes a process to conduct staff performance evaluations on a regular basis to determine if the knowledge, skills, and abilities of staff members are sufficient to perform their respective functions and monitor the evaluation process on a regular basis.
- 2.15 Provide a report, developed by the Transportation Committee, to the Legislature consistent with Government Code section 9795 on or before July 1 of each year that outlines the public transit needs, transit funding criteria, recommended transit funding levels, and additional work on public transit, as delegated to the Transportation Committee by the Board, and specifying the funds spent explicitly on public transportation.
- 2.16 Develop and adopt internal control guidelines based on recommendations from the Audit Committee to prevent and detect financial errors and fraud based on the internal control guidelines developed by the state Controller pursuant to Government Code section 12422.5 and the standards adopted by the American Institute of Certified Public Accountants.
- 2.17 Vote on whether to remove the independent performance auditor for cause, such removal being subject to an approving vote by two-thirds of the Audit Committee and the Board.
- 2.18 Approve which firm to contract with to conduct the annual financial statement audits.
- 2.19 Approve the individual or firm to hire to carry out independent performance auditor responsibilities.
- 2.20 Approve the budget needed to carry out the annual audit plan of the independent performance auditor.

3. Executive Committee Membership and Responsibilities

- 3.1 The Executive Committee shall consist of six voting members with board members representing East County, North County Coastal, North County Inland, South County, and the representative, or the representative's alternate in their absence, from the City of San Diego and the County. The Chair, ~~and First~~ Vice Chair ~~and Second Vice Chair~~ of the Board shall serve as voting members of the Executive Committee. Additionally, any Chair of any other Policy Advisory Committee who is not otherwise a member of the Executive Committee shall serve as an advisory, non-voting member of the Executive Committee.
 - 3.1.1 Set agenda for Board. Any Board member requesting that an item be considered for inclusion on the agenda must present such request in writing to the Chairperson prior to the Executive Committee's consideration of such agenda.
 - 3.1.2 Review and recommend Overall Work Program and Program Budget
 - 3.1.3 Approve amendments to the Program Budget and Overall Work Program and authorize contracts up to amount approved by the Board

- 3.1.4 Review and act on state and federal legislation
- 3.1.5 Comment on behalf of SANDAG or provide recommendations to the Board regarding comments on third party environmental documents
- 3.1.6 Act upon and evaluate dispute resolution
- 3.1.7 Advise on personnel actions
- 3.1.8 Act on behalf of Board when timing requires
- 3.1.9 Make policy recommendations to the Board
- 3.1.10 Perform other duties as assigned by the Board
- 3.1.11 Approve financial/contracting transactions, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment up to \$500,000, subject to increase by Board action.
- 3.1.12 Annually review a list of all the SANDAG lower-level committees and working groups to determine the need to maintain the committee or working group and approve any revisions in functions or membership.
- 3.1.13 Review all proposed amendments to the Bylaws or Board Policies and make recommendations to the Board regarding those amendments.
- 3.1.14 Conduct expedited reviews and approvals of Energy Working Group actions on an as-needed basis.

4. Transportation Committee Membership and Responsibilities

- 4.1 The Transportation Committee shall consist of ten voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County and the mayor or a council member from the City of San Diego, a supervisor from the County of San Diego, a member of the board of the MTS appointed by the board of the MTS, a member of the board of the NCTD appointed by the board of the NCTD, a member of the board of the San Diego County Regional Airport Authority appointed by the board of the Airport Authority, and a member of the board of the San Diego Unified Port District appointed by the board of the Port District.
 - 4.1.1 Provide oversight for consolidated transit responsibilities
 - 4.1.2 Provide policy oversight for transportation plans and corridor and systems studies
 - 4.1.3 Establish/approve transportation prioritization criteria for SANDAG programs
 - 4.1.4 Approve of SANDAG submitting grant applications for SANDAG transportation projects.
 - 4.1.5 Approve TDA and STA claim amendments and RTIP and STIP amendments
 - 4.1.6 Recommend funding allocations to the Board
 - 4.1.7 Approve transit operator budgets for funding
 - 4.1.8 Approve Regional Short Range Transit Plan and Coordinated Human Service and Public Transportation Plan

- 4.1.9 Make recommendations regarding changes to Board Policy No. 018: Transit Service Policy and Board Policy No. 029: Regional Fare Policy and Comprehensive Fare Ordinance
- 4.1.10 Conduct public hearings as delegated by Board
- 4.1.11 Approve contracts for transit up to amount approved by the Board
- 4.1.12 Advise Board on other transportation policy-level issues
- 4.1.13 Recommend legislative program for transportation and transit
- 4.1.14 Approve financial/contracting transactions, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment up to \$500,000 for transportation items, subject to increase by Board action
- 4.1.15 Convene closed sessions and make final decisions with regard to real property transactions related to transportation projects; however, this delegation does not include the authority to make a Resolution of Necessity or to commence litigation
- 4.1.16 Conduct hearings and authorize additional public meetings when appropriate pursuant to Board Policy No. 025 to hear official testimony from the public regarding Comprehensive Fare Ordinance amendments
- 4.1.17 Approve amendments to the Comprehensive Fare Ordinance
- 4.1.18 Accept for distribution, hold public hearings regarding, and adopt/certify environmental documents for projects within the Transportation Committee's Responsibilities
- 4.1.19 Approve loans of *TransNet* funds when such loans are incorporated into an RTIP amendment requiring an exchange of *TransNet* funds for funds from another source
- 4.1.20 Provide oversight and approvals for Coordinated Transportation Services Agency (CTSA) matters and appoint Transportation Committee representative to the CTSA Board
- 4.1.21 Approve revisions to funding allocations for Federal Transit Administration Section 5311 funding
- 4.1.22 Approve the *TransNet* compliance audits consistent with Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules
- 4.1.23 Provide input on project selection criteria for, and recommend projects for funding under, the statewide and *TransNet* active transportation programs, and other *TransNet* grant programs such as the Smart Growth Incentive Program and Environmental Mitigation Program
- 4.1.24 Provide oversight for Service Authority for Freeway Emergencies responsibilities and related motorist aid programs

- 4.1.25 Provide coordinated oversight with the Regional Planning Committee for recommendations on the preparation and implementation of components of the Regional Plan
- 4.1.26 Develop a report by July 1 of each year that specifies the funds spent explicitly on public transportation, outlines the public transit needs, transit funding criteria, recommended transit funding levels, and additional work on public transit, and recommend acceptance of such report to the Board.

5. Regional Planning Committee Membership and Responsibilities

- 5.1 The Regional Planning Committee shall consist of six voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County, and the mayor or a council member from the City of San Diego, and a supervisor from the County of San Diego.
 - 5.1.1 Provide coordinated oversight with the Transportation Committee for recommendations on the preparation and implementation of components of the Regional Plan
 - 5.1.2 Recommend regional infrastructure financing strategies to the Board
 - 5.1.3 Represent the Board for outreach and public information on the Regional Plan and its components
 - 5.1.4 Advise Board on regional planning policy issues
 - 5.1.5 Approve distribution of funds from the California Coastal Commission Beach Sand Mitigation Fund and California Coastal Commission Public Recreational Beach Impact Mitigation Fund.
 - 5.1.6 Recommend project selection criteria for, and recommend projects for funding under, the *TransNet* Smart Growth Incentive Program and Environmental Mitigation Program

6. Borders Committee Membership and Responsibilities

- 6.1 The Borders Committee shall consist of seven voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County and the mayor or a council member from the City of San Diego, a supervisor from the County of San Diego, and a mayor, council member, or supervisor from the County of Imperial.
 - 6.1.1 Provide oversight for planning activities that impact the borders
 - 6.1.2 Provide oversight for the preparation of binational, interregional, and tribal planning programs
 - 6.1.3 Recommend border infrastructure financing strategies to the Board
 - 6.1.4 Establish closer SANDAG working relations with surrounding counties, Mexico, and the region's tribal nations
 - 6.1.5 Advise Board on binational, interregional, and tribal policy-level issues
 - 6.1.6 Review and comment on regionally significant projects in adjoining counties

7. Audit Committee Membership and Responsibilities

The membership, authority and responsibilities for this committee are set forth in Board Policy No. 039.

8. Public Safety Committee Membership and Responsibilities

The membership, authority and responsibilities for this committee are set forth in Board Policy No. 026.

9. Distribution of Meeting Materials

- 9.1 All agendas for meetings of the Board of Directors, Policy Advisory Committees, and all other SANDAG legislative bodies covered by the Brown Act (Government Code § 54950 *et seq.*) shall be posted on the SANDAG website, and copies of such agendas will be available for viewing by the public in the SANDAG business office reception area.
- 9.2 All closed session items shall be provided to appropriate Board and/or Policy Advisory Committee members prior to the closed session. Closed session meeting materials will be sent by a secure method and clearly labeled as confidential. If a representative will not be able to attend a meeting he/she should ensure the closed session materials are forwarded to the appropriate alternate to review prior to the meeting. All closed session meeting materials must be deleted or returned to the Office of General Counsel at the end of the closed session.

10. Work Assigned to Staff

Requests for staff to perform work on a project that is not specified in the Overall Work Program or Program Budget shall only be conducted following approval by the Board if the work is estimated to exceed four hours of staff time.

Adopted January 2003

Amended November 2004

Amended January 2006

Amended December 2006

Amended January 2010

Amended December 2012

Amended October 2013

Amended March 2014

Amended November 2014

Amended December 2015

Amended January 2017

Amended February 2018

Amended January 2019

Amended February _____, 2021



BOARD POLICY NO. **002**

POLICY ADVISORY COMMITTEE MEMBERSHIP

1. Membership

- 1.1 Executive Committee: Six members to include a Board member from each subregion (South County, East County, North County Coastal, North County Inland, City of San Diego, County of San Diego).
 - 1.1.1 Alternates may be the second City of San Diego Board member or alternate, the second County of San Diego Board member or alternate, and alternates elected from each subregion who shall be primary members of the Board.
 - 1.1.2 Any Chair of any other Policy Advisory Committee (PAC) who is not otherwise a member of the Executive Committee shall serve as an advisory, non-voting member of the Executive Committee.
- 1.2 Transportation Committee: Ten members to include a Board member or alternate from each subregion, and a member of NCTD, MTS, the Airport Authority and San Diego Unified Port District appointed by the governing body of those agencies. There may be ten alternates chosen in the same manner.
- 1.3 Regional Planning Committee: Six members to include a Board member or alternate from each subregion. There may be six alternates chosen in the same manner.
- 1.4 Borders Committee: Seven members to include, a Board member or alternate from each subregion, and a mayor, councilmember, or supervisor from the County of Imperial. There may be seven alternates chosen in the same manner.
- 1.5 Audit Committee: Five voting members appointed by the Board of Directors. Two of the members shall be board members or alternates and three shall be members of the public. There may be alternates chosen as described in Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities.
- 1.6 Public Safety Committee: Six members to include a Board member or alternate from each subregion. The six Associate Member organizations taking part in this committee shall have the following representation: two members from the Chiefs'/Sheriff's Management Committee, a member selected by the County Sheriff, a member representing the San Diego County District Attorney's Office, a member from regional Fire/Emergency Medical Services, and a member representing the City of San Diego Police Chief. In addition, there will be eight nonvoting Advisory Members selected as follows: two persons selected by the Federal Justice Agency Association, one person selected from San Diego County Criminal Justice Association, a member of the Regional Homeland Security Committee, a member selected by the State Public Safety Agency Association, one person selected by the Department of Defense, and one representative of the Southern California Tribal Chairmen's Association. There may be alternates chosen in the same manner.

2. Limitation on Committee Memberships

No Board member or alternate may serve as the primary member of more than two PACs at any one time, except those Board members serving on the Audit Committee. Committee membership may be expanded by the Board.

3. Ex Officio Members

A PAC may include ex officio members if appropriate to roles and responsibilities of the committee. The Board Chair, First Vice Chair and Second Vice Chair may serve as ex officio members on any of the PACs. Unless otherwise stated in a Board Policy or Board action applicable to a particular committee, all ex officio members on SANDAG's Board or committees shall be nonvoting members.

4. Appointments for PACs Other Than the Audit Committee

4.1 Public Agencies

4.1.1 The mayor and council of the City of San Diego and the governing body of each of the other member agencies will make their appointments to the Board annually by January 10, and when vacancies occur. Each member agency shall confirm the appointment of its primary and alternate Board members by sending a written letter to the SANDAG Clerk of the Board. All such appointments shall go into effect immediately following approval by the member agency's governing body.

4.1.2 The SANDAG Chair will provide notice requesting that Board members from each of the subregions appoint a Board member or alternate as authorized to serve as a primary member on each PAC and one to serve as an alternate to each PAC. At the time this notice is given, all primary and alternate Board members will be provided with an attendance record for all primary and alternate members currently serving on the Board or a PAC. Each subregion shall ensure that SANDAG staff is notified of the date, time and location for that subregion's meeting. After the meeting is set by the primary members of each subregion, SANDAG staff shall provide Board alternates from each subregion advance notice of the meeting. A majority of the primary members present at the subregion meeting shall make a selection. An alternate member may vote in the absence of the primary member. The Chair shall be sent a letter from the subregion's representatives informing him/her of the names of the persons who have been selected for appointment to each PAC. Appointments will be made by January 31 or as vacancies occur. Appointments shall go into effect immediately upon approval by the subregion.

4.2 Associate Members

In addition to the members appointed pursuant to Section 4.1, the Public Safety Committee shall have voting members appointed from the organizations listed below by their respective appointing authorities by January 31 of each year:

4.2.1 Chiefs'/Sheriff's Management Committee – 2 voting members

4.2.2 County Sheriff – 1 voting member

4.2.3 San Diego County District Attorney's Office – 1 voting member

4.2.4 Regional Fire/Emergency Medical Services – 1 voting member

4.2.5 City of San Diego Police Chief – 1 voting member

4.3 Advisory Members

In addition to the voting members appointed pursuant to Sections 4.1 and 4.2, the Public Safety Policy Advisory Committee shall have the following nonvoting members appointed from the following organizations by their respective appointing authorities by January 31 of each year:

4.3.1 County Criminal Justice Association – 1 advisory member

4.3.2 Federal Justice Agency Association – 2 advisory members

4.3.3 Regional Homeland Security Committee – 1 advisory member

4.3.4 State Public Safety Agency Association – 1 advisory member

4.3.5 Regional Transit Services – 1 advisory member

4.3.6 Department of Defense – 1 advisory member

4.3.7 Southern California Tribal Chairmen's Association – 1 advisory member.

4.4 Failure to Appoint

If any subregion fails to make an annual appointment to a PAC by January 31 or within three weeks of mailing of the notice to proceed to appoint to fill a vacancy, the Chair of SANDAG shall make the appointment. If any organization referred to in Sections 4.1, 4.2 or 4.3 fails to make an appointment to the Public Safety Policy Advisory Committee, the current representative shall continue to serve until a replacement appointment is made by his/her organization.

5. Vacancies

Vacancies on PACs shall be filled as they occur in the same manner as appointments.

6. Chair/Vice Chair

The Chair and Vice Chair of the PACs, other than the Executive Committee and Audit Committee, shall be appointed by the Board Chair in February or as vacancies occur. The officers of the PACs (except for the Executive Committee, whose officers are dictated by the Bylaws, and the Audit Committee, whose officers are dictated in Board Policy No. 039) can be primary or alternate members of the Board but must be primary members of the PAC they will chair. The appointments shall go into effect immediately unless otherwise directed by the Board Chair. The Board Chair shall serve as the Chair of the Executive Committee. The First Vice Chair of the Board shall serve as the First Vice Chair of the Executive Committee. The Second Vice Chair of the Board shall serve as the Second Vice Chair of the Executive Committee.

7. Attendance

- 7.1 Primary and alternate members are strongly encouraged to attend all Committee meetings. Roll call shall be taken by the Chair at the beginning of the meeting to determine the voting members present at that time. The voting members shall be seated collectively in order for the public to recognize them as such. Other nonvoting alternates in attendance may participate in Committee discussion but shall not be authorized to act on any item.
- 7.2 Board alternates selected to chair a Policy Advisory Committee are strongly encouraged to attend all Board meetings to represent their committee and provide information to the Board concerning actions taken at the committee meetings.

- 7.3 If an organization with voting rights or a subregion is unrepresented at three Committee meetings during the term described in Section 4 of this Policy, a letter will be sent to the applicable appointing body or group, as well as to the Chair and Vice Chair of the Committee concerning the absences.
- 7.4 In order to ensure a quorum, full participation, fairness, and comprehensive knowledge of the items discussed at SANDAG meetings, members who are eligible for compensation for attendance at a SANDAG meeting must be present for at least 1/2 of the time set for the meeting or the duration of the meeting, whichever is less, in order to be eligible for compensation in accordance with Article III, Section 5 of the Bylaws.

8. Compensation

Primary and alternate members of the PACs will be compensated \$100 per meeting attended subject to the limitations on number of meetings per month set forth in the SANDAG Bylaws.

9. Meetings

PAC meetings should normally be held on Fridays or when called by the committee Chair. Parliamentary procedure at all meetings shall be governed by Roberts Rules of Order, Newly Revised.

Adopted January 2003

Amended December 2003

Amended November 2004

Amended December 2005

Amended December 2006

Amended July 2007

Amended November 2010

Amended March 2014

Amended September 2014

Amended December 2015

Amended January 2017

Amended February 2018

Amended January 2019

Amended ____ 2021



BOARD POLICY NO. **016**

PROCUREMENT OF SERVICES

Pursuant to Public Utilities Code section 132352.4, the following statutory requirements apply to procurements of services. If the estimated total cost of required services exceeds one hundred thousand dollars (\$100,000), the services will not be performed by another government entity, and the services are not within the category of services defined in Section 4525 of the Government Code, SANDAG must solicit bids in writing and award the work in a competitive procurement process that is in the best interest of SANDAG. Services defined in Section 4525 include: architectural, landscape architectural, engineering, environmental, land surveying services, and construction project management services, as those terms are defined in Government Code section 4525 (hereinafter "Section 4525 Services"). If Section 4525 Services with a contract value in excess of \$50,000 must be procured or the contract will be funded with federal money SANDAG will make the procurement pursuant to the provisions of Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code. SANDAG must use the procedures of the Brooks Act if federal funds are used and the services are architectural or engineering in nature (hereinafter "A&E Services"). Contracts that do not exceed these statutory limitations may be procured using simplified procedures. All references to the Executive Director in this policy also apply to the Executive Director's designee.

Procedures

1. Micro Purchase Agreements (\$3,500 or less). These procedures apply to the procurement of all services.
 - 1.1 For purchases below \$3,500 a micro purchase procurement method may be used. A micro purchase is a noncompetitive purchase technique; however, the price of the item must still be fair and reasonable.
 - 1.2 There should be equitable distribution among qualified service providers in the local area and no splitting of procurements to avoid competition.
 - 1.3 A bid is only required from the vendor of choice and a purchase order, invoice, or simple letter agreement may be used instead of the standard services agreements.
2. Small Purchase Agreements (\$3,501 - \$100,000). These procedures apply to the procurement of all services excluding Section 4525 Services.
 - 2.1 If the estimated value of the contract is \$100,000 or less, staff may select a qualified proposer whose proposal is most advantageous to the Board, price and all other factors considered, with the approval of their division director or department director.
 - 2.2 The Executive Director shall determine the selection procedure for contracts valued between \$3,501 and \$100,000 to distribute work in a fair and equitable manner. Prior approval of the selection procedure shall be obtained from the applicable level of management. An informal competitive process shall be followed with price, rate

quotations or best value obtained from an adequate number of qualified sources to ensure that SANDAG is obtaining a fair and reasonable price. The informal competitive process must be documented by staff. In obtaining price or rate quotations, a scope of work shall be developed and supplied to all bidders.

3. Major Service Agreements (\$100,001 and greater). These procedures apply to the procurement of all services, except Section 4525 Services, of \$100,001 or more and procurement of Section 4525 Services in excess of \$3,001.

- 3.1 Normally, a "one-step" selection procedure will be used for service contracts in excess of \$100,000. The "one-step" competitive process is as follows:

- 3.1.1 Firms shall submit a response to a SANDAG Request for Proposals (RFP) or Request for Qualifications (RFQ). The RFP/RFQ shall include:

- 3.1.1.1 Pass/fail criteria to be used as an initial screening of responses. Such criteria shall include, but not be limited to, insurance requirements, licensing, and any other consideration which would make the proposer ineligible to perform the work.

- 3.1.1.2 All evaluation factors and their relative importance.

- 3.1.1.3 The standard contract language that the successful proposer will be required to comply with, including applicable federal clauses and certifications.

- 3.1.2 Notice of the professional services required shall be published at least once in a newspaper of general circulation in San Diego County and in one or more Disadvantaged Business Enterprises (DBE)/Small business directed newspapers and in such other minority or community newspapers as appropriate in San Diego County, at least three weeks before the proposal due date. The notice shall state that SANDAG is interested in receiving responses from qualified firms, and indicate how additional information can be obtained, and the time and place for receiving responses.

- 3.1.3 Notice shall also be sent to firms or individuals previously known to be interested in providing the required services, including small and emerging businesses on SANDAG various interested party lists, and to appropriate DBE firms or individuals listed in the SANDAG vendor database and the California Unified Certification Program (CUCP) Database.

- 3.1.4 Responses to an RFP/RFQ shall list all proposed subconsultants and subcontractors, their area of the work, and identify which of them are certified DBEs.

- 3.1.5 Responses to an RFP/RFQ shall include a detailed cost estimate.
- 3.1.5.1 For Section 4525 Services, separately bound or sealed cost proposals shall be submitted as part of the process and shall not be opened until after the evaluation committee has ranked the proposers. Cost proposals shall be excluded as an evaluation factor and will only be used by the Executive Director, when negotiating within the prescribed budget, except as provided in 3.1.5.2 below.
- 3.1.5.2 For all other services, the cost proposal shall be submitted along with the technical proposal and will be used as an evaluation factor by the evaluation committee.
- 3.1.6 The responses shall be evaluated by an evaluation committee. The evaluation committee should consist of SANDAG staff and at least one person from outside the agency.
- 3.2 The top-ranked firm(s) shall then be interviewed, if deemed necessary. The final list of qualified firms shall be based on the response to the RFP/RFQ, references, the interview, and other relevant factors. Selection may be based on a best value determination. "Best value" means a value determined by objective criteria and may include, but is not limited to, price, features, functions, life-cycle costs, and other criteria deemed appropriate by SANDAG. The project manager will summarize the findings of the evaluation committee in a recommendation memo to the Executive Director. The memo shall include the evaluation committee's recommendation for negotiations with one or more firms in the competitive range.
- 3.2.1 The Executive Director will approve or reject the recommendation based upon information provided by the evaluation committee, and other factors as deemed appropriate, including, but not limited to, qualifications, ability to meet schedule and budget, cost of work, meeting insurance requirements, and DBE participation for federally funded projects. The Executive Director may also interview one or more of the firms prior to making a selection.
- 3.2.2 Approval by the Executive Director of the recommendation shall be deemed approval to enter into negotiations with one or more firms in the competitive range.
- 3.2.2.1 For contracts for Section 4525 Services, the separately submitted cost proposal shall be used as a basis for negotiation. Negotiations will be conducted by the Executive Director, and can include factors other than cost, such as staffing levels, project schedule, etc. Should negotiations fail, the Executive Director, will enter into negotiations with the next ranked firm. Once negotiations are complete, a contract incorporating the negotiated terms and conditions will be prepared for the approval of the Executive Director. Only the cost proposal of the firm in negotiations shall be opened. At the end of the process, all unopened cost proposals shall be disposed of or returned unopened

to the respective companies via certified mail. Alternatively, companies may, at their option, arrange to pick up their sealed cost proposals in person by contacting the SANDAG Contract Administrator.

3.2.2.2 For all other service contracts, the cost proposals from the firm(s) in the competitive range shall be used as a basis for negotiation. Negotiations will be conducted by the Executive Director, and can include factors other than cost, such as staffing levels, project schedule, etc. If negotiations are only conducted with one firm and those negotiations fail, staff will enter into negotiations with the next ranked firm. If negotiations are conducted with more than one firm in the competitive range, then staff may attempt to obtain the most favorable terms by negotiating with all of the firms. Once negotiations are complete, a contract incorporating the negotiated terms and conditions will be prepared for the approval of the Executive Director.

3.3 For those services that are able to be defined with a very explicit scope of work containing detailed, straight-forward specifications that will allow consistent responses (i.e., freeway service patrol services contracts), proposers will be considered qualified or not qualified based on predetermined criteria. Cost proposals will then be opened for those proposers considered qualified and the consultant with the lowest bid will be awarded the contract. The department directors will determine whether the nature of any of the services within their purview lend themselves to using this low bid procedure.

3.4 If desired, a "two-step" selection process may be followed, as follows:

3.4.1 Letters of Interest/Statements of Qualifications (LOIs/SOQs) shall be solicited from the current SANDAG consultant list for the particular services specialty.

3.4.2 Notice of the professional services required shall be published at least once in a newspaper of general circulation in San Diego County and in one or more DBE/Small business directed newspapers and in such other minority or community newspapers as appropriate in San Diego County, at least three weeks before the proposal due date. The notice shall state that SANDAG is interested in receiving LOIs/SOQs from qualified firms, and indicate how additional information can be obtained, and the time and place for receiving responses.

3.4.3 Requests for LOIs/SOQs may be sent to firms or individuals previously known to be interested in or capable of providing the required services. Reasonable effort shall be made to send requests to minority firms known to be capable of providing the required services.

"Pass/fail" criteria will be established by staff and clearly stated in the LOI/SOQ to be used as a screening of responses. Such criteria shall include, but not be limited to: adherence to project budget, insurance requirements, and DBE participation.

3.4.4 An evaluation committee will be formed, which should consist of SANDAG staff and at least one person from outside the agency.

3.4.5 The evaluation committee will evaluate the SOQs and the project manager will prepare a memo to the Executive Director summarizing the evaluation committee's findings and recommending one or more qualified firms to be invited to receive an RFP. Following approval by the Executive Director, staff shall then issue an RFP to the qualified firm(s). The RFP shall include all evaluation factors and their relative importance and the contract that the successful proposer will be expected to execute (including all applicable federal clauses and certifications).

3.4.6 From this point, the steps above for a one-step procurement should be followed.

4. Compliance with Brooks Act Provisions for Federally Funded Contracts. If federal funds are used and the services are A&E in nature, SANDAG shall comply with the provisions of the Brooks Act.

5. Other Than Full and Open Competition

Normally, SANDAG will utilize a full and open competition when soliciting bids or proposals for procurements in excess of \$100,000. Under certain circumstances, however, a procurement may be justified that does not utilize full and open competition. These procurements are known as limited competition procurements. When less than full and open competition is used, SANDAG shall solicit offers from as many potential sources as is practicable under the circumstances. Noncompetitive procurement is known as sole source procurement. Noncompetitive and limited competition procurements shall only be permitted when the conditions below are met.

5.1 When the project will be paid for in whole or in part by federal funds one of the conditions allowing a limited competition or sole source procurement set forth in the latest version of Federal Transit Administration Circular 4220.1, or the equivalent from other federal funding agencies, must be met.

5.2 When there are no federal funds involved one of the following additional factors may be utilized to justify a limited competition or sole source procurement:

5.2.1 There is only one consultant capable of providing the services because the services are unique or highly specialized.

5.2.2 The services should be purchased from a particular consultant in the interest of economy or efficiency as a logical follow-on to services already in progress under a competitively awarded contract.

- 5.2.3 The cost to prepare for a competitive procurement exceeds the cost of the services.
- 5.2.4 The services are essential to maintain research or operational continuity.
- 5.2.5 The service is one with which staff members who will use the deliverables have specialized training and/or expertise and retraining would incur substantial cost in time and/or money.

6. General Conditions

- 6.1 In the event that circumstances dictate other than the processes indicated above for procurements that will exceed \$100,000, prior Board concurrence shall be obtained following submittal of a written statement by staff setting forth the reasons for not pursuing all or part of any of the processes.
- 6.2 Where proposals received are deemed inadequate by the Executive Director, the Board may authorize a negotiated contract with a recommended firm based on a newly approved scope of services, performance schedule, and/or instructions and conditions.
- 6.3 The Executive Director is not required to make a contract award if he/she determines that the proposals received or contract terms negotiated by SANDAG staff are not in the best interests of SANDAG.
- 6.4 The Executive Director may approve contract amendments that exceed the project budget totaling up to \$100,000 that are necessary to complete services originally contemplated subject to the limitations set forth in Section 12.2 of this policy. The Board will be notified of all such amendments. Contract amendments that will cause the project budget to be exceeded by more than \$100,000 or those contemplating a significant change in the original scope of services must be processed in accordance with the SANDAG procurement manual and policies.
- 6.5 For purchases in excess of \$3,500 involving federal funds, all applicable federal requirements and certifications must be attached to the purchase order or contract. For purchases that exceed \$50,000, a contract may be used in order to ensure provisions are included to protect the interests of SANDAG.
- 6.6 The Board's Equal Employment Opportunity Program and adequate audit provisions to allow the SANDAG independent performance auditor access to the contracted entity's records needed to verify compliance with the terms specified in the contract will be incorporated by reference in all SANDAG service contract templates. The Board's Disadvantaged Business Enterprise (DBE) Program shall be incorporated by reference in all services contracts that are federally funded. DBEs shall have every possible opportunity to participate in the procurement of services as set forth in the Board's DBE program.

7. Conflicts of Interest

- 7.1 A consultant is eligible for award of service contracts by SANDAG so long as the contract in question does not create an actual, potential, or apparent conflict of interest. A prohibited conflict of interest exists when because of other activities, relationships, or contracts, a firm is or may be unable to render impartial, objective assistance or advice to SANDAG; or a firm's objectivity in performing the contract work is or might be otherwise impaired; or where a firm would receive an unfair competitive advantage. Prohibited conflicts of interest include, but are not limited to, the following situations:
- 7.1.1 Except in cases of design-build contracting, any firm that provides design services to SANDAG will be ineligible for award of a construction contract to construct the improvements, which are the subject of the design services.
 - 7.1.2 Any firm that provides design services to SANDAG will be ineligible for award of any contract to provide construction management services resulting from the specific project for which design services were provided.
 - 7.1.3 Any firm that provides construction management services to SANDAG will be ineligible for award of a construction contract for which construction management services were or will be provided.
 - 7.1.4 Any firm that assists SANDAG or any of its member or affiliated agencies in the preparation of a construction RFP or RFQ document will not be allowed to participate as an offeror or join a team submitting a proposal in response to the that RFP or RFQ. SANDAG may in its sole discretion, however, determine there is not an organizational conflict of interest for a prospective firm where:
 - 7.1.4.1 The role of the firm was limited to provision of preliminary design, reports, or similar "low-level" documents that will be incorporated into the construction RFP or RFQ, and did not include assistance in development of instructions to offerors or evaluation criteria; or
 - 7.1.4.2 Where all relevant documents and reports delivered to the agency by the firm are made available to all offerors; or
 - 7.1.4.3 The role of the firm was limited to preparation of a California Environmental Quality Act (CEQA) or National Environmental Policy Act (NEPA) document related to the project where the CEQA and NEPA processes have been completed prior to issuance of the RFP and RFQ.
 - 7.1.5 SANDAG shall not contract with, and will reject any bid or proposal submitted by, the following persons or entities, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:
 - 7.1.5.1 Persons employed by SANDAG;

- 7.1.5.2 Profit-making firms or businesses in which SANDAG employees serve as officers, principals, partners or major shareholders;
- 7.1.5.3 Persons who, within the immediately preceding twelve (12) months, were employed by SANDAG and (1) were employed in positions of substantial responsibility in the area of service to be performed by the contract, or (2) participated in any way in developing the contract or its service specifications; or
- 7.1.5.4 Profit-making firms or businesses in which the former employees described in subsection 7.1.5.3 serve as officers, principals, partners or major shareholders.
- 7.2 General consultants or subconsultant firms may provide services on other SANDAG projects. A consultant shall not, however, participate in the review and analysis of, or render opinions regarding, its work performed on other SANDAG projects or as limited in this section. Unless otherwise defined by the Executive Director, a general consultant is a consultant whose procurement is typically for a two-year period with an option for one or more one-year option extensions to provide services as needed for various assigned projects from time to time on a work order or task order basis, rather than for one specific predefined project. General consultants support SANDAG staff in managing other SANDAG consultants. General consultants are prime consultants to SANDAG. Subconsultants to general consultants are not classified as general consultants. General consultant procurements are identified as such during the RFP process.
- 7.3 A Notice of Potential for Conflict of Interest shall be included within any RFP for services issued by SANDAG. The Notice shall be the policy of the Board as listed herein. Any major service agreement issued in accordance with this policy shall include or make reference to the policy listed herein.
- 7.4 A "firm" shall be defined as any company or family of companies where there is a single parent board of directors or staff of officers who can influence the policies and actions of the design company, construction management company, and the construction company. A "firm" also shall include any partnership, corporation, association, or other legal entity or any member of a joint venture that meets the above-stated definition.
- 7.5 "Ineligible" firms shall include the prime consultant for the services, subconsultants for portions of the services, and affiliates of either. An affiliate is a firm that is subject to the control of the same persons through joint ownership or otherwise.
- 7.6 If there is any doubt by a firm regarding a potential conflict of interest for a specific project or function, the appropriate member of management staff, depending on type of project, will, upon written request, provide a written ruling. This procedure is encouraged prior to submittal of proposals or bids. In the event a conflict of interest is determined to exist, a written appeal may be made by the affected firm to the Executive Director within five calendar days of notice from SANDAG the conflict.

The Executive Director shall determine the adequacy of the appeal and make a subsequent final decision. No further appeal shall be considered.

- 7.7 The Executive Committee shall review and, if appropriate, waive any actual or apparent conflict of interest that may exist or arise as a result of concurrent legal representation of SANDAG and parties whose interests may conflict.
- 7.8 SANDAG staff and third parties with whom SANDAG does business shall comply with SANDAG administrative policies concerning Standard of Conduct and all relevant Board Policies.

8. Protests to Solicitation, Bid, or Award

- 8.1 SANDAG shall include in all procurements a procedure to be followed by interested parties who wish to protest a specification or procedure. The procedure shall include the following:
 - 8.1.1 A requirement that protest submittals shall be in writing, be specific to the specification being protested, state the grounds for protest, and include all documentation needed to enable SANDAG to reach a decision.
 - 8.1.2 A statement that the protest shall be submitted within clearly defined time limits prior to receiving proposals or opening bids or prior to award of contracts.
 - 8.1.3 A statement specifying the review and determination process by SANDAG, including time limits for response.
 - 8.1.4 Requirements for submittal of protest reconsideration.
 - 8.1.5 A statement regarding review of the initial protest by a protest review committee and review of protest reconsiderations by the Executive Director, as appropriate.

9. Procedure for Consultants with Claims Against SANDAG on Service Contracts

- 9.1 On all SANDAG services contracts estimated to cost more than \$50,000, a section shall be included in the contract provisions that specifies how a consultant should file a "Notice of Potential Claim" and the procedures for review and disposition thereof.
- 9.2 Written notice of the potential claim must be given to the project manager prior to the time the consultant shall have performed the work giving rise to the potential claim, if based upon an act or failure to act of the project manager; or in all other cases, within 15 calendar days of the happening of the event, thing or occurrence giving rise to the potential claim.
- 9.3 It is the intention of this requirement that differences between the parties arising under and by virtue of the contract be brought to the attention of the project manager at the earliest possible time in order that such matters may be settled, if

possible, or other appropriate action promptly taken. The consultant shall agree to have no right to additional compensation for any claim that may be based on any such act, failure to act, event, thing or occurrence for which no written notice of potential claim as herein required was filed. A claim must be presented and acted upon as a prerequisite to suit thereon.

- 9.4 If a consultant files an appropriate "Notice of Potential Claim," the administrative procedure shall be as follows:
- 9.4.1 SANDAG staff shall respond in writing within 25 calendar days with an appropriate decision. It is expected that SANDAG staff shall investigate the area of claim thoroughly and shall issue a decision that is fair to all parties. It is further expected that every effort will be made to resolve the claim at the job level.
 - 9.4.2 If it appears to staff that the claim cannot be settled, the project manager and contracts staff shall, as soon as practicable, forward the details of the claim to the Executive Director and shall so notify the consultant of the action.
 - 9.4.3 The Executive Director shall direct the appropriate department director to obtain all pertinent information, including any oral or written presentation, concerning the claim the consultant might wish to present. The department director shall provide all information to the Executive Director, including any recommendations.
 - 9.4.4 The Executive Director shall report a final decision in writing to the consultant. The written decision shall notify the consultant that this action completes the consultant's administrative remedies and any further dispute would have to be resolved by either a nonbinding Dispute Resolution Board or binding arbitration if provided for in the provisions of the contract and agreed to by both parties, or litigation.
 - 9.4.5 The final recommendation of the Dispute Resolution Board or arbitration shall be presented to the Executive Director for approval before going to the Board for action.
 - 9.4.6 Any claim disputes not resolved by the Executive Director shall be reported to the Board at one of the Board's regular meetings.
- 9.5 If a contract amendment proposed for the settlement of a claim causes a budget impact over \$100,000, the amendment must be sent to the Board for approval.
- 9.6 Federal Transit Administration review and concurrence may be required for claim settlements that exceed \$100,000 if federal funds are involved.
- 9.7 A list of all outstanding claims exceeding \$100,000 which involve the use of federal funds shall be included in the federal grants quarterly report.

10. Debarment Procedures for Service Contracts

- 10.1 In addition to all other remedies permitted by law, SANDAG may, upon advice of the Executive Director and Office of General Counsel, by resolution declare a proposer or consultant ineligible to bid on SANDAG contracts for a period not to exceed three years for any of the following grounds:
- 10.1.1 unjustified failure or refusal to timely provide or properly execute contract documents;
 - 10.1.2 unsatisfactory performance of contract;
 - 10.1.3 excessive and/or unreasonable claims while performing work for SANDAG;
 - 10.1.4 two or more occasions within a two-year period of failure to submit bond or insurance documents acceptable to SANDAG in the time periods required;
 - 10.1.5 unjustified refusal to properly perform or complete contract work or warranty performance;
 - 10.1.6 unjustified failure to honor or observe contractual obligations or legal requirements pertaining to the contract;
 - 10.1.7 conviction under a state or federal statute or municipal ordinance for fraud, bribery, theft, falsification or destruction of records, receiving stolen property or of any other similar crime;
 - 10.1.8 any offense or action which indicates a lack of business integrity and which could directly affect the reliability and credibility of performance of the consultant on future contracts with SANDAG;
 - 10.1.9 any debarment of the consultant by another governmental agency; and
 - 10.1.10 two or more claims of computational, clerical, or other error in cost proposal submission within a two-year period.
- 10.2 SANDAG may permanently debar a firm for a conviction under federal or state antitrust statutes involving public contracts or the submission of bid proposals, for any corrupt practices involving the administration or award of a contract with SANDAG, or permanent debarment of the bidder or consultant by another governmental agency, as permitted by law.
- 10.3 The proposer or consultant shall be provided notice and an opportunity to present evidence and show cause before the Board why such ineligibility should not be declared after the Executive Director has established a factual basis for debarment.
- 10.4 A consultant's debarment shall be effective amongst SANDAG and any of its subsidiary entities. Debarment prohibits SANDAG and subsidiary entities from executing contracts with the debarred consultant.

- 10.5 Debarment constitutes debarment of all divisions or other organizational elements of the consultant, unless the development decision is limited by its terms to specific divisions, organizational elements, or commodities. The debarment decision may be extended to include any affiliate of the consultant if the affiliate is (1) specifically named, and (2) given written notice of the proposed debarment and an opportunity to respond.
- 10.6 Notwithstanding the debarment of the consultant, the Board may continue contracts in existence at the time the consultant is debarred, unless the Board directs otherwise, after receiving advice from the Executive Director as to the effects of termination of an existing agreement.
- 11. Contract Administration and Consultant Assurances
 - 11.1 SANDAG consultants must meet all applicable laws concerning labor law, labor rates, EEO and licenses.
 - 11.2 SANDAG shall ensure that all services requiring a licensed consultant shall be performed by licensed consultants.
 - 11.3 Consultants will be responsible for complying with the provisions of the Fair Labor Standards Act of 1938 as amended.
 - 11.4 Consultants must provide the minimum scope of insurance as stipulated in the contract.
 - 11.5 Consultants shall be required to provide Workers' Compensation Insurance to their employees in accordance with the provisions of Section 3700 of the Labor Code. Prior to commencement of work, the consultant shall be required to provide a certificate of compliance to SANDAG.
 - 11.6 Labor compliance requirements on SANDAG contracts shall be consistent with the California Labor Code.
 - 11.7 Consultants shall comply with the EEO requirements set forth by Title VI of the 1964 Civil Rights Act on any project where federal funds are included, and any other requirements established by the Federal Transit Administration
 - 11.8 Consultants shall comply with Sections 1431 and 1735 of the Labor Code and Sections 300 and 317 through 323 of Title 8 of the California Administrative Code, which prohibits labor discrimination and requires the consultant to submit an Equal Opportunity Program and certification fee to the Fair Employment Practice Commission for contracts over \$200,000.
- 12. Amendments to Service Contracts
 - 12.1 All contracts may be amended by a suitable amendment processed in accordance with SANDAG procurements manual and policies.

- 12.2 The Executive Committee or Transportation Committee or, if not practical, the Board Chair, First Vice Chair or Second Vice Chair, are hereby authorized to approve amendments that will cause the project budget to be changed in an amount exceeding \$100,000 when waiting for Board approval could potentially delay a project or increase the cost of the change. Approval of such items by the Board Chair, First Vice Chair, or Second Vice Chair, is not the preferred practice and should only be used if a regular or special meeting of an authorized legislative body is infeasible or impractical. In such an instance, the Executive Director shall notify the Board of the action at the next regular Board meeting.
- 12.3 All amendments that impact or potentially impact Board-adopted policies shall be brought before the Board for decision.
- 12.4 All amendments which utilize federal funds shall conform to the Code of Federal Regulations, Volume 49, Part 18 and the most recent version of Federal Transit Administration Circular 4220.1 or the equivalent from other federal funding agencies.

Adopted October 2003
Amended November 2004
Amended December 2006
Amended December 2007
Amended December 2008
Amended January 2010
Amended November 2010
Amended March 2014
Amended November 2014
Amended December 2015
Amended January 2017
Amended February 2018
Amended ____ 2021

Election of 2021–2022 SANDAG Board Second Vice Chair

Overview

On December 4, 2020, the Board of Directors elected Encinitas Mayor Catherine Blakespear as the SANDAG Chair for the 2021-2022 term, and on January 22, 2021, San Diego Mayor Todd Gloria was elected as the Vice Chair. At its January 22 meeting the Board also directed that amendments to the Bylaws and Board Policies be prepared for its consideration to reinstate the Second Vice Chair position. Those proposed amendments are being considered by the Board in a separate item at today's meeting. Pending the Board's approval of those amendments, the Second Vice Chair position will be reinstated but vacant, and an election by the Board will be necessary to fill the position.

Key Considerations

Candidates for the Second Vice Chair position may be nominated from the floor at the time of the election. All primary Board members are eligible to serve as the Second Vice Chair other than those from the North County Coastal subregion or the City of San Diego, as the Bylaws as proposed prohibit any two Board leadership positions being from the same subregion.

The duties of the Second Vice Chair are to perform the duties of the Chair in the absence of both the Chair and First Vice Chair, and to perform any additional duties that the Chair may require. Under the Bylaws as proposed, the Second Vice Chair is also mandated to be a primary member of the Executive Committee. Because subregional appointments to Policy Advisory Committees have already been made for the coming year, the election of a Second Vice Chair for the 2021-2022 term would supersede any conflicting previous appointments to the Executive Committee made by a successful candidate's subregion. Any such subregion would then determine appointment of a member as an alternate representative to the Executive Committee.

In selecting a Second Vice Chair, the SANDAG Bylaws as proposed call for consideration of a nominee's availability, experience, skills, and geographic diversity. SANDAG's governing statutes call for most Board votes to be pursuant to an initial tally vote, followed by a weighted vote if properly called for. While the governing statutes provide an exception to this rule for election of the Chair and Vice Chair, where only the weighted vote is to be used, no such exception is provided for additional Board officers. As such, election of the Second Vice Chair would be pursuant to the Board's ordinary voting process, with an initial tally vote potentially followed by a superseding weighted vote.

Next Steps

Pending Board action, the term of service for the Second Vice Chair will be from the time of election until December 31, 2022.

Catherine Blakespear, Chair, SANDAG Board of Directors

Key Staff Contact: John Kirk, (619) 699-1997, john.kirk@sandag.org

Action: Approve

Pending action by the Board of Directors to reinstate the Second Vice Chair position, the Board is asked to conduct an election for the SANDAG Board Second Vice Chair position for the 2021–2022 term.

Fiscal Impact:

Per the SANDAG Bylaws amendments proposed in Item No. 9, the Second Vice Chair of the Board shall receive additional monthly compensation of \$350 per month.

Schedule/Scope Impact:

Pending Board action, the term of service for the Vice Chair will be from the time of election until December 31, 2022.

SANDAG Audit Policy Advisory Committee: Appointment of Board Members

Overview

As dictated by SANDAG's governing statutes, the SANDAG Audit Committee is composed of five voting members with two members of the Board of Directors and three members of the public, all of which shall be appointed by the Board.

Key Considerations

Section 4.1 of [SANDAG Board Policy No. 039](#): Audit Policy Advisory Committee and Audit Activities states that the two Board members and any Board member alternates serving on the Audit Committee shall be recommended for appointment by the Chair of the Board. The Chair of the Board shall select Board members to recommend to the Board based on the following criteria:

- The Board member shall have served on the Board for at least three years;
- The Board member shall have a basic understanding of the role of the Audit Committee; and
- The Board member shall express a willingness to work through the Audit Committee to pursue opportunities for improvements in operations, financial reporting, and internal controls identified through the agency's audit products.

The Board members recommended by the Chair of the Board are subject to approval by a majority vote of the Board.

Board members and alternates were invited to express interest in serving on the Audit Committee at the January 22, 2021, Board meeting. The following Board members expressed interest in serving on the Committee: San Marcos Councilmember Ed Musgrove, Lemon Grove Mayor Racquel Vasquez, El Cajon Mayor Bill Wells, and Solana Beach Councilmember David Zito.

Councilmember Zito and Mayor Vasquez are recommended as the primary Board members for the Audit Committee for an initial two-year term, and Councilmember Musgrove is recommended as an alternate-at-large.

Although Councilmember Musgrove has not served on the Board for the requisite three-year term, that provision may be waived by the Board as a component of any motion supporting his appointment as this requirement is set forth in Board Policy but not statute.

Board members appointed to the Audit Committee shall serve a term of two years, or until their successors are appointed. At the completion of a term, eligible incumbent members will need to apply for reappointment for another term. In no case shall any member serve more than five years on the Audit Committee.

Action: Approve

The Board of Directors is asked to approve the Board members of the SANDAG Audit Policy Advisory Committee as recommended by the SANDAG Chair, and to waive the three-year service requirement as it pertains to Councilmember Musgrove's appointment.

Fiscal Impact:

Per SANDAG Bylaws, Policy Advisory Committee members and alternates receive a stipend of \$100 per meeting attended.

Schedule/Scope Impact:

Board members appointed to the Audit Committee shall serve a term of two years, or until their successors are appointed.

Next Steps

Pending action by the Board, appointed Audit Committee members will immediately begin their term of office. The Chair of the Board will select the Chair and Vice Chair of the Audit Committee from among its members. The next meeting of the Audit Committee is scheduled for February 26, 2021.

Catherine Blakespear, Chair, SANDAG Board of Directors

Key Staff Contact: John Kirk, (619) 699-1997, john.kirk@sandag.org

TransNet Proposed 2021 Bond Issuance: Refunding and New Debt

Overview

The *TransNet* Major Corridors program has traditionally relied on bond proceeds, sales tax revenues, and borrowing capacity to not only pay for the local share of projects but also to cover up-front payments required by state and federal funding partners who operate programs on a reimbursed basis.

Based on current revenue projections, staff estimates that \$170 million to \$220 million will be needed over the next five fiscal years (FY 2021 – 2025) to cover project costs currently included in the SANDAG Program Budget.

At the November 20, 2020, Board of Directors meeting, along with SANDAG's financial advisors, staff identified a package of strategies that will enable the agency to increase its financial flexibility and enjoy significant interest savings, while meeting its short-term funding commitments under the Major Corridors program. The proposed 2021 Series A bond issuance was one of those identified strategies. At the January 22, 2021, meeting staff gave the Board of Directors an overview of the proposed transaction.

Key Considerations

Interest rates, both tax-exempt rates and taxable rates, have declined dramatically over the past year and the current market provides a very favorable environment for a taxable advance refunding transaction for a portion of SANDAG's outstanding bonds. This refunding would provide significant debt service savings. In addition to this refunding opportunity, SANDAG has capital needs to support the Major Corridors program.

There is the opportunity to combine these "new-money" borrowing needs to avoid duplicative transaction costs in the future. The cost of the "new-money" can be sized to match the savings on the refunding bonds, coupled with the refinancing of the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, which was closed on January 14, 2021, with a cash flow savings of over \$123 million, thereby providing new project funds while minimizing the impact of additional borrowing costs on the overall bond portfolio. In this context, the Transportation Committee recommends a new-money borrowing component of up to \$100 million for the Major Corridors program to be included with this refunding transaction. The new-money bonds would be issued on a tax-exempt basis.

SANDAG has debt obligations on three separate lien levels, providing different priority of sales tax payment to investors based on their respective lien level. The Series 2008A through 2020A Bonds are senior lien obligations and are paid first. The 2018A Notes and commercial paper obligations are paid second as subordinate lien obligations. SANDAG's TIFIA loan is a third lien, junior subordinate lien obligation. SANDAG's potential refunding candidates discussed are the senior lien obligations. Specifically, we have

Action: Adopt

The Transportation Committee recommends that the Board of Directors, acting as the Regional Transportation Commission (RTC), adopt RTC Resolution No. RTC-2021-03, authorizing up to \$175 million of refunding certain outstanding bonds and the issuance of up to \$100 million of fixed-rate bonds, and the execution and distribution of the documents, in substantially the same form as attached (Attachments 3 through 8).

Fiscal Impact:

Potential cash flow savings of over \$20 million and new revenue source of up to \$113 million to be used for the Major Corridors program.

Schedule/Scope Impact:

Bonds are anticipated to be issued in early 2021.

identified the SANDAG Series 2014A Bonds to refund based on current market conditions. The memo provided by PFM (Attachment 1) details the economics and refunding recommendations of the Series 2014A Bonds, which may change depending on market conditions when the Series 2021A Bonds are priced early this year.

Responsibilities for Review

Attached to this report for review and information are the preliminary bond documents for the proposed Series 2021 Bond issuance (Attachments 3 through 8).

The Board of Directors, in its role as the San Diego County Regional Transportation Commission, has the ultimate responsibility for approving the 2021 transaction. Before making a decision regarding the Bond issuance, Board members will be asked to review all of the documents to become familiar with their contents. Board members should pay particular attention to the information contained in the Preliminary Official Statement (Attachment 4) to ensure there are no inaccuracies concerning SANDAG.

Board members also will be asked to ensure that to the best of their knowledge all of the factual statements are true and correct in all material respects and that the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in any of the documents regarding SANDAG misleading. When carrying out their fiduciary responsibilities, public officials may rely upon employees, bond counsel, disclosure counsel, and other professionals to assure that they are in compliance with the antifraud provisions of the federal securities laws, as long as the reliance is reasonable. In order for the reliance to be considered reasonable, the public official must: (1) make complete disclosure to the appropriate professional of any potentially material mistake or omission in the documents; (2) request the professional's advice as to what disclosure is proper; (3) receive advice regarding the appropriate disclosure; and (4) rely in good faith on that advice.

SANDAG Bond Counsel (Orrick, Herrington & Sutcliffe LLP), disclosure counsel (Norton Rose Fulbright LLP), and financial advisor (PFM) will be present at the February 12, 2021, Board meeting to provide information to the Board regarding proper disclosure. The Chief Executive Director (Hasan Ikhata), Chief Financial Officer (André Douzjian), *TransNet* Department Director (José Nuncio), Chief Economist (Ray Major), and General Counsel (John Kirk) have all reviewed the draft Bond documents, and to the best of the staff's knowledge, all of the statements are true and correct in all material respects, and the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in those documents regarding SANDAG misleading.

Next Steps

Upon approval, the expected schedule for the planned Series 2021 Bond issuance is as follows:

- Week of February 15: Post Preliminary Official Statement and marketing of Bonds
- Week of March 8: Anticipated pricing date
- Week of March 22: Anticipated closing date

André Douzjian, Chief Financial Officer

Key Staff Contact: Dawn Vettese, (619) 595-5346, dawn.vettese@sandag.org

- Attachments:
1. PFM Financial Advisors LLC Memorandum
 2. Resolution No. RTC-2021-03
 3. Draft Eleventh Supplemental Indenture
 4. Draft Third Supplement to Subordinate Indenture
 - 5A. Draft Bond Purchase Agreement – Series A
 - 5B. Draft Bond Purchase Agreement – Series B
 6. Draft Preliminary Official Statement
 7. Draft Continuing Disclosure Agreement
 8. Draft Invitation to Tender Bonds



January 8, 2021

Memorandum

To: SANDAG Board of Directors
From: PFM Financial Advisors LLC
RE: 2021 Refunding and New Money Bonds

INTRODUCTION

PFM Financial Advisors LLC (“PFM”), as the financial advisor to SANDAG, works with SANDAG to evaluate program financing needs, to identify refinancing opportunities and to evaluate borrowing options to meet *TransNet* program capital funding needs. Following the recent economic slowdown during the COVID-19 pandemic, taxable and tax-exempt interest rates have decreased significantly. The 30-year tax-exempt rate is currently approximately 1.43%, 2.36% lower than its twenty-year average. The US Treasury taxable rates are also low with the 30-year Treasury rate at 1.86%, 1.98% lower than its twenty-year average. These low rates have created the opportunity to refund SANDAG’s existing Series 2014A Bonds and lower future borrowing costs. The debt service savings achieved by the refunding, in addition to the savings created by the concurrent refinancing of SANDAG’s current TIFIA loan and Series 2018A short-term notes, create new capacity to issue new money bonds for existing projects. Currently the estimated cash flow savings generated from refunding Series 2014A is approximately \$20 million, or \$18 million in PV savings.

This memorandum discusses current bond market conditions and SANDAG’s existing debt portfolio, with details on the potential savings generated from refunding the Series 2014A bonds and the potential proceeds generated from an issuance of new money bonds.

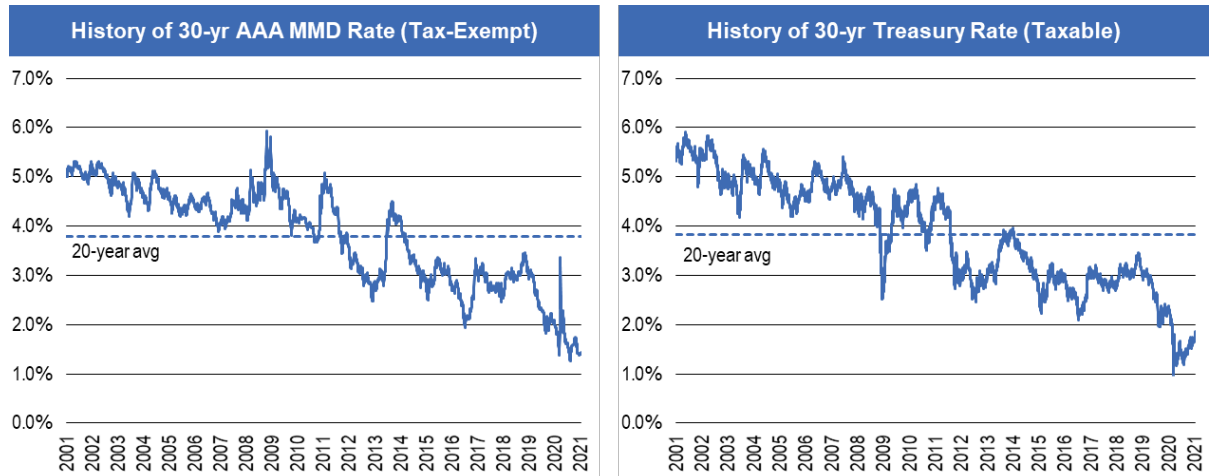
MARKET UPDATE

For the purpose of tracking tax-exempt municipal interest rates over time, we use the AAA Municipal Market Data Index (“AAA MMD”), which serves as the benchmark against which most tax-exempt, fixed-rate transactions are priced. For the purpose of tracking taxable municipal interest rates over time, we use the U.S. Treasury rates, which serves as the benchmark against which taxable, fixed-rate transactions are priced. The chart below tracks the 30-year MMD rate as well as the 30-year Treasury rate since 2000.

Both tax-exempt and taxable rates declined dramatically following the start of the COVID-19 pandemic with record lows in August 2020. The rates have since ticked up from their lowest levels. That said, the current market still provides a very favorable environment for borrowing. Investors have been flocking to safe investment options such municipal bonds in the wake of the COVID-19 pandemic and uncertainty in economic recovery. That coupled with a favorable supply-demand dynamics support continued municipal demand for both tax-exempt and taxable debt.



As shown in the chart below, the tax-exempt interest rates are low with the 30-year MMD rate at



1.43%, 2.36% lower than its twenty-year average. The taxable rates are also low with the 30-year Treasury rate at 1.86%, 1.98% lower than its twenty-year average.



SANDAG'S OUTSTANDING DEBT OVERVIEW

SANDAG, serving as the San Diego County Regional Transportation Commission, has \$2.315 billion of outstanding long term debt, including the Series 2018A Short Term Notes (Notes) issued in April 2018. Of the total debt portfolio, 17 percent consists of synthetic, fixed-rate bonds (variable rate bonds hedged with fixed-payer interest rate swaps), and the remaining 83 percent are fixed-rate bonds. Currently, the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan is undrawn and does not represent an obligation of SANDAG at this time. A summary of the outstanding bonds is tabulated and graphically presented below.

Summary of Outstanding Debt						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
2008A	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008B	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008C	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008D	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2010A	Taxable	Fixed Rate	\$338,960,000	\$338,960,000	Make-Whole	4/1/2048
2012A	Tax-Exempt	Fixed Rate	\$420,585,000	\$40,935,000	4/1/2022	4/1/2048
2014A	Tax-Exempt	Fixed Rate	\$350,000,000	\$170,420,000	4/1/2024	4/1/2048
2016A	Tax-Exempt	Fixed Rate	\$325,000,000	\$307,880,000	4/1/2026	4/1/2048
2019A	Taxable	Fixed Rate	\$442,620,000	\$442,620,000	4/1/2030	4/1/2048
2020A	Taxable	Fixed Rate	\$74,820,000	\$74,820,000	4/1/2030	4/1/2048
2018A Notes	Tax-Exempt	Fixed-Rate	\$537,480,000	\$537,480,000	Non-Callable	4/1/2021
Total				\$2,315,415,000		
Summary of TIFIA Loan Commitment						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
TIFIA*	Taxable	Fixed-Rate	\$537,484,439	\$0	Anytime	10/1/2045
Total with Loan Commitment				\$2,315,419,439		

*The TIFIA loan will be drawn upon in 2022 to retire the 2021 Notes. The simultaneous draw on the TIFIA loan and the retirement of the 2021 Notes will have an offsetting impact and will not increase the amount of total obligations outstanding.

SANDAG has debt obligations on three separate lien levels, providing different priority of sales tax payment to investors based on their respective lien level. The Series 2008A through 2020A Bonds are senior lien obligations and are paid first. The 2018A Notes and commercial paper obligations are paid second as subordinate lien obligations. SANDAG's TIFIA loan is a third lien, junior subordinate lien obligation.

SANDAG's senior lien debt service is generally level in aggregate, in the range of \$103.7 million to \$106.7 million annually. The 2018A Notes are short-term obligations, with a final maturity in April 2021. Those notes are currently being considered to extended through October 2022 to take advantage of low, short-term rates. Assuming SANDAG draws on the TIFIA loan as expected, to complete the Mid-Coast Corridor Transit Project, SANDAG's aggregate debt service (including all three liens) will peak at \$165 million in FY 2045. Senior lien debt service coverage, using sales tax receipts of \$305.9 million for the 12 months ending June 30, 2020, is 2.86 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$2.86 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings. Total coverage, when comparing the



annual revenues for the 12 months ending 11 June 30, 2020, to peak debt service (including assumed debt service on the undrawn TIFIA loan) in FY 2045, is 1.85 times.

REFUNDING THE OUTSTANDING SERIES 2014A BONDS

SANDAG currently has \$170.4 million in outstanding tax exempt, Series 2014A bonds. Of this amount, approximately \$146 million are callable on their upcoming call date of April 1, 2024. Under current tax law, SANDAG may refund these bonds with taxable bonds in advance of the call date. SANDAG may do this by issuing refunding bonds and placing the proceeds in escrow until 2024. SANDAG has already refunded a portion of the 2014A bonds as a taxable advance refunding in 2019 to achieve debt service savings. Interest rates have further declined since then, presenting SANDAG with the opportunity to refund the remaining portion of the callable 2014A bonds and achieve additional debt service savings. Based on current market rates, SANDAG can achieve approximately \$20 million in debt service savings, or \$18 million in present value (PV) terms. The savings equates to approximately 12.6% of PV savings when PV savings is divided by the \$146 million of bonds to be refunded. This exceeds the minimum 3% target established in SANDAG's debt policy, Board Policy No. 037. A summary of the bond sources and uses and the potential savings is detailed below.

Series 2021 Refunding Bonds Sources and Uses

Par Amount	169,705,000
Premium	-
Prior Funds on Hand	3,252,556
Total Sources	172,957,556
Escrow Deposit	171,978,875
Cost of Issuance	685,000
Underwriter's Discount	289,558
Additional Proceeds	4,123
Total Uses	172,957,556

Series 2021 Refunding Bonds Annual Debt Service Schedule

FY	Principal	Interest
6/30/2021		190,913
6/30/2022		3,436,426
6/30/2023		3,436,426
6/30/2024		3,436,426
6/30/2025	10,110,000	3,436,426
6/30/2026	10,175,000	3,362,623
6/30/2027	10,275,000	3,267,995
6/30/2028	10,400,000	3,140,585

Series 2021 Refunding Bonds Cash Flow Savings

Prior Debt Service	Refunding Debt Service	Savings
406,569.44	190,913	215,657
7,318,250.00	3,436,426	3,881,825
7,318,250.00	3,436,426	3,881,825
7,318,250.00	3,436,426	3,881,825
14,103,250.00	13,546,426	556,825
14,099,000.00	13,537,623	561,378
14,103,000.00	13,542,995	560,005
14,099,000.00	13,540,585	558,415



6/30/2029	10,550,000	2,990,825	14,101,500.00	13,540,825	560,675
6/30/2030	10,730,000	2,812,530	14,099,250.00	13,542,530	556,720
6/30/2031	10,925,000	2,615,098	14,101,500.00	13,540,098	561,402
6/30/2032	11,140,000	2,403,153	14,102,000.00	13,543,153	558,847
6/30/2033	11,365,000	2,175,897	14,099,750.00	13,540,897	558,853
6/30/2034	11,610,000	1,932,686	14,103,750.00	13,542,686	561,064
6/30/2035	11,870,000	1,672,622	14,102,500.00	13,542,622	559,878
6/30/2036	12,145,000	1,394,864	14,100,000.00	13,539,864	560,136
6/30/2037	12,445,000	1,098,526	14,100,000.00	13,543,526	556,474
6/30/2038	12,800,000	742,599	14,101,000.00	13,542,599	558,401
6/30/2039	13,165,000	376,519	14,101,500.00	13,541,519	559,981
Total	169,705,000	43,923,136	233,878,319	213,628,136	20,250,183

The timing of the debt service savings on 2014A bond refunding is more concentrated in the front end. Specifically, approximately \$11,861,130 in savings for the 2014A bonds will be concentrated between 2021 and 2024, providing some cashflow flexibility during those years to support projects currently being delivered. Beyond these upfront years, annual debt service will be reduced by at least \$550,000 each year through 2039. Final savings are dependent on prevailing interest rates at the time of pricing.

NEW MONEY BORROWING CAPACITY

The refunding of the Series 2014A bonds combined with the savings achieved through the refinancing of SANDAG's current TIFIA loan creates substantial debt service savings through 2046 on each of the three liens. SANDAG may absorb these debt service savings through the issuance of new money bonds, generating approximately \$113 million in bond proceeds for projects while essentially keeping total debt service costs for the program unchanged. The new money bond issuance would be issued with the refunding of the Series 2014A bonds, and would be issued as subordinate lien, fixed rate sales tax revenue bonds. A summary of the sources and uses for these bonds and the annual debt service (i.e., principal and interest) requirements is presented below.

Series 2021 Refunding Bonds Sources and Uses

Par Amount	85,000,000
Premium	28,786,839
Total Sources	113,786,839
Project Fund	113,326,339
Cost of Issuance	303,000
Underwriter's Discount	157,500
Total Uses	113,786,839



**Series 2021 New Money Bonds
Annual Debt Service Schedule**

FY	Principal	Interest	Debt Service
6/30/2021	-	236,111	236,111
6/30/2022	-	4,250,000	4,250,000
6/30/2023	-	4,250,000	4,250,000
6/30/2024	-	4,250,000	4,250,000
6/30/2025	-	4,250,000	4,250,000
6/30/2026	2,050,000	4,250,000	6,300,000
6/30/2027	2,155,000	4,147,500	6,302,500
6/30/2028	2,260,000	4,039,750	6,299,750
6/30/2029	2,375,000	3,926,750	6,301,750
6/30/2030	2,495,000	3,808,000	6,303,000
6/30/2031	2,620,000	3,683,250	6,303,250
6/30/2032	2,750,000	3,552,250	6,302,250
6/30/2033	2,885,000	3,414,750	6,299,750
6/30/2034	3,030,000	3,270,500	6,300,500
6/30/2035	3,185,000	3,119,000	6,304,000
6/30/2036	3,340,000	2,959,750	6,299,750
6/30/2037	3,510,000	2,792,750	6,302,750
6/30/2038	3,685,000	2,617,250	6,302,250
6/30/2039	3,870,000	2,433,000	6,303,000
6/30/2040	4,060,000	2,239,500	6,299,500
6/30/2041	4,265,000	2,036,500	6,301,500
6/30/2042	4,480,000	1,823,250	6,303,250
6/30/2043	4,700,000	1,599,250	6,299,250
6/30/2044	4,940,000	1,364,250	6,304,250
6/30/2045	5,185,000	1,117,250	6,302,250
6/30/2046	5,445,000	858,000	6,303,000
6/30/2047	5,715,000	585,750	6,300,750
6/30/2048	6,000,000	300,000	6,300,000
Total	85,000,000	77,174,361	162,174,361

Under this transaction, SANDAG would sell approximately \$85 million in new money bonds and would raise approximately \$29 million in premium from investors. The total proceeds of \$113 million would be used to fund project costs and pay for cost of issuance. Annual debt service (principal and interest) payments would range from \$4.3 million to \$6.3 million through 2048.



NEXT STEPS

Rating Agency Strategy: Since the onset of the COVID-19 pandemic, SANDAG staff has provided information to the rating agencies. Also, in the last two weeks, during the refinancing process for SANDAG's outstanding TIFIA loan both Fitch and S&P confirmed their "AAA" ratings on SANDAG's senior lien and "AA" ratings for the subordinate lien. This provides very strong ratings to issue additional bonds on both the senior and subordinate lien. Staff and the financing team will engage both rating agencies to provide ratings on these upcoming transactions, should the Board desire to proceed.

Documents and Schedule: Staff and the financing team are preparing the documents for the Series 2021 refunding and new money bonds. Documents would come to the Board for first review on January 22nd, to the Transportation Committee on February 5th for potential recommendation to the Board, and a second time to the Board on February 12th for review and approval prior to transaction execution. If approved by the Board, staff and the financing team would prepare to price the bonds on March 11th and close the transaction on March 25th.



401 B Street, Suite 800
San Diego, CA 92101
Phone (619) 699-1900
Fax (619) 699-1905
sandag.org

Regional Transportation Commission
Resolution No. 2021-03

**Authorizing the Issuance of not to Exceed \$310,000,000
Aggregate Principal Amount of Additional San Diego County
Regional Transportation Commission Sales Tax Revenue
Bonds (Limited Tax Bonds) and San Diego County Regional
Transportation Commission Subordinate Sales Tax Revenue
Bonds (Limited Tax Bonds), the Refunding of Certain
Outstanding Bonds, and Taking of All Necessary Actions**

WHEREAS, the San Diego County Regional Transportation Commission (the "Commission") adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan on July 31, 1987 (as amended, the "1987 Ordinance"), pursuant to the provisions of Sections 132000 through 132314, inclusive, of the Public Utilities Code of the State of California (the "San Diego County Regional Transportation Commission Act" or "Act"), which 1987 Ordinance provided for the imposition of a retail transactions and use tax (the "retail transactions and use tax") applicable in the incorporated and unincorporated territory of the County of San Diego (the "County") in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California at the rate of one-half of one percent (1/2%) for a period not to exceed twenty (20) years;

WHEREAS, by its terms the 1987 Ordinance became effective at the close of the polls on November 3, 1987, the day of the election at which the proposition imposing the retail transactions and use tax was adopted by a majority vote of the electors voting on such proposition;

WHEREAS, in order to provide for the extension of the initial term of the retail transactions and use tax for a period of forty (40) years, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan on May 28, 2004 (the "Sales Tax Extension Ordinance," and, together with any amendments thereto and the 1987 Ordinance, hereinafter collectively referred to as the "Ordinance");

WHEREAS, by its terms the Sales Tax Extension Ordinance became effective on November 3, 2004, the day following the date of the election at which the proposition providing for the extension of the retail transactions and use tax was approved by at least two-thirds of the electors voting on such proposition;

WHEREAS, the Board of Directors (the "Board") of the Commission, pursuant to the San Diego County Regional Transportation Commission Act (constituting Chapter 2 of Division 12.7 of the California Public Utilities Code) and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said Act, and Article 10 and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53570 *et seq.*), and other applicable provisions of the laws of the State of California (collectively, the "Law"), is authorized to issue bonds payable from the proceeds of the retail transactions and use tax levied by the Commission, including refunding bonds;

WHEREAS, the Commission has heretofore issued \$600,000,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, 2008 Series B, 2008 Series C and 2008 Series D (the "2008 Bonds"), pursuant to an Indenture dated as of March 1, 2008 (the "Indenture"), as amended and supplemented, including as amended and supplemented by a First Supplemental Indenture and a Second Supplemental Indenture thereto, each entered into by the Commission and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, the Commission has heretofore issued \$338,960,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) and \$11,040,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds) (together, the "2010 Bonds"), pursuant to the Indenture, as amended and supplemented, including as amended and supplemented by a Third Supplemental Indenture thereto, entered into by the Commission and the Trustee;

WHEREAS, the Commission has heretofore issued \$420,585,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A (the "2012 Bonds"), pursuant to the Indenture, as amended and supplemented, including as amended and supplemented by a Fourth Supplemental Indenture thereto, entered into by the Commission and the Trustee;

WHEREAS, the Commission has heretofore issued \$350,000,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2014 Series A (the "2014 Bonds"), pursuant to the Indenture, as amended and supplemented, including as amended and supplemented by a Fifth Supplemental Indenture thereto, entered into by the Commission and the Trustee;

WHEREAS, the Commission has heretofore issued \$325,000,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2016 Series A (the "2016 Bonds"), pursuant to the Indenture, as amended and supplemented, including as amended and supplemented by a Sixth Supplemental Indenture thereto, entered into by the Commission and the Trustee;

WHEREAS, the Commission has heretofore authorized the issuance of not to exceed \$537,484,439 in aggregate initial principal amount of its Junior Subordinate Sales Tax Revenue Bond (Limited Tax Bond), 2017 TIFIA Series and its Junior Subordinate Sales Tax Revenue Bond (Limited Tax Bond), 2021 TIFIA Series (collectively, the "TIFIA Bonds"), pursuant to the Indenture, as amended and supplemented, including as amended and supplemented by a Seventh Supplemental Indenture and Tenth Supplemental Indenture thereto, entered into by the Commission and the Trustee;

WHEREAS, the Commission has heretofore issued \$442,620,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2019 Series A (Taxable) (the "2019 Bonds"), pursuant to the Indenture, as amended and supplemented, including as amended and supplemented by an Eighth Supplemental Indenture thereto, entered into by the Commission and the Trustee;

WHEREAS, the Commission has heretofore issued \$74,820,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2020 Series A (Green Bonds) (the "2020 Bonds" and, together with the 2008 Bonds, the 2010 Bonds, the 2012 Bonds, the 2014 Bonds, the 2016 Bonds and the 2019 Bonds, the "Existing Bonds"), pursuant to the Indenture, as amended and supplemented, including as amended and supplemented by a Ninth Supplemental Indenture thereto, entered into by the Commission and the Trustee;

WHEREAS, the Commission has heretofore authorized the issuance of Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) (the "CP Notes") and other parity debt, pursuant to an Amended and Restated Subordinate Indenture dated as of April 1, 2018 (as amended and supplemented, the "Subordinate Indenture"), by and between the Commission and U.S. Bank National Association, as trustee (the "Subordinate Trustee");

WHEREAS, the Commission has heretofore issued \$537,480,000 in aggregate principal amount of its Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A (the "2018 Notes"), pursuant to the Subordinate Indenture, as amended and supplemented, including as amended and supplemented by a First Supplemental Indenture thereto, entered into by the Commission and the Subordinate Trustee;

WHEREAS, the Commission has authorized the issuance of not to exceed \$537,480,000 aggregate principal amount of its Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (together with the CP Notes and the 2018 Notes, the "Existing Subordinate Notes"), pursuant to the Subordinate Indenture, as amended and supplemented, including as amended and supplemented by a Second Supplemental Indenture thereto, to be entered into by the Commission and the Subordinate Trustee;

WHEREAS, the Commission hereby determines that one or more new series or subseries as tax-exempt or taxable additional bonds in an aggregate principal amount of not to exceed one hundred ten million dollars (\$110,000,000) (the "2021 Project Bonds"), to be secured by a lien on the retail transactions and use tax on parity with the lien on such tax that secures the Existing Bonds or on parity with the lien on such tax that secures the Existing Subordinate Notes, is necessary to provide additional funds for planned expenditures or the reimbursement of the Commission for prior expenditures as permitted by the Law and the Ordinance and as further described in the Ordinance, including, but not limited to, the funding of certain transportation facility and public infrastructure improvements within the County, and the payment of costs of issuance incurred in connection with the 2021 Project Bonds;

WHEREAS, the Commission hereby determines to take advantage of market opportunities to refund or purchase, including to advance refund and/or purchase in connection with a tender offer, all or a portion of the outstanding 2014 Bonds, by the issuance of one or more series or subseries as tax-exempt or taxable refunding bonds in an aggregate principal amount of not to exceed two hundred million dollars (\$200,000,000) (the "2021 Refunding Bonds" and, together with the 2021 Project Bonds, the "2021 Bonds"), to be secured by a lien on the retail transactions and use tax on parity with the lien on such tax that secures the Existing Bonds or on parity with the lien on such tax that secures the Existing Subordinate Notes, as permitted by the Law and the Ordinance;

WHEREAS, the Commission has determined that the 2021 Bonds shall be designated, with such additional designations as may be convenient or beneficial to the issuance or marketing of such Bonds, "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds)" or "San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds)", as applicable;

WHEREAS, the Commission hereby further determines that the 2021 Bonds may be issued (i) pursuant to the Indenture and one or more indentures supplemental thereto (collectively, the "Senior Supplemental Indenture"), if secured by a lien on the retail transactions and use tax on parity with the lien on such tax that secures the Existing Bonds, or (ii) pursuant to the Subordinate Indenture and one or more indentures supplemental thereto (collectively, the "Subordinate Supplemental Indenture"), if secured by a lien on the retail transactions and use tax on parity with the lien on such tax that secures the Existing Subordinate Notes, each supplemental indenture to be entered into between the Commission and the Trustee or the

Subordinate Trustee, as applicable, proposed forms of the Senior Supplemental Indenture and Subordinate Supplemental Indenture have been prepared and presented to the Commission;

WHEREAS, in order to set forth the terms of sale of the 2021 Bonds, the Commission proposes to enter into one or more bond purchase agreements (collectively, the "Bond Purchase Agreement") with one or more representatives of its underwriters, being Wells Fargo Bank, N.A., BofA Securities, Inc., Morgan Stanley & Co. LLC, and Jefferies LLC (collectively, the "Underwriters") and proposed forms of Bond Purchase Agreement has been prepared and submitted to the Commission;

WHEREAS, in order to provide information about the 2021 Bonds and related matters to purchasers and potential purchasers of the Bonds, the Commission proposes to execute and deliver one or more official statements, a proposed form of which has been prepared and presented to the Commission in preliminary form (the "Preliminary Official Statement");

WHEREAS, in order to assist the Underwriters in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Commission proposes to execute and deliver one or more continuing disclosure agreements (the "Continuing Disclosure Agreement"), a proposed form of which has been prepared and presented to the Commission;

WHEREAS, the Commission has been presented with the form(s) of the Senior Supplemental Indenture, the Subordinate Supplemental Indenture, the Bond Purchase Agreement, the Preliminary Official Statement, and the Continuing Disclosure Agreement relating to the financing and refinancing described herein (collectively, the "Financing") and the Commission has examined and approved each document and desires to authorize and direct the execution of such documents as are specified herein and such other documents as are necessary in connection with the Financing and to authorize and direct the consummation of the Financing;

WHEREAS, Orrick, Herrington & Sutcliffe LLP is representing the Commission as bond counsel ("Bond Counsel") and Norton Rose Fulbright US LLP, is representing the Commission as disclosure counsel ("Disclosure Counsel") and PFM Financial Advisors LLC is serving as municipal advisor (the "Municipal Advisor") to the Commission in connection with the Bonds;

WHEREAS, the Commission has previously adopted a local debt policy (the "Debt Management Policy") that complies with California Government Code Section 8855(i), and the Commission's sale and issuance of the Bonds as contemplated by this Resolution is in compliance with the Debt Management Policy;

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Commission has received certain representations and good faith estimates from the Municipal Advisor and the Underwriters, including: (a) the true interest cost of the 2021 Refunding Bonds and the 2021 Project Bonds, (b) the sum of all fees and charges paid to third parties with respect to the 2021 Refunding Bonds and the 2021 Project Bonds, (c) the amount of proceeds of the 2021 Refunding Bonds and the 2021 Project Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the 2021 Refunding Bonds and the 2021 Project Bonds, and (d) the sum total of all debt service payments on the 2021 Refunding Bonds and the 2021 Project Bonds calculated to the final maturity thereof plus the fees and charges paid to third parties not paid with the proceeds of the 2021 Refunding Bonds and the 2021 Project Bonds, and such good faith estimates are attached as Exhibit A to this resolution; and

WHEREAS, all acts, conditions and things required by the Law and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the Financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Commission is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such Financing and to authorize the execution of the Senior Supplemental Indenture, the Subordinate Supplemental Indenture, the Bond Purchase Agreement, the official statement in final form and the Continuing Disclosure Agreement for the purposes, in the manner and upon the terms provided;

NOW THEREFORE BE IT RESOLVED that the SANDAG Board of Directors, ALSO ACTING AS THE SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Commission finds and determines that the foregoing recitals are true and correct and makes them an effective part of this Resolution by incorporating them herein by reference.

Section 2. The issuance by the Commission of not to exceed \$110,000,000 aggregate principal amount of the 2021 Project Bonds in accordance with the provisions of the Indenture or the Subordinate Indenture, in one or more series or subseries, as tax-exempt or taxable bonds and with such additional designations as may be convenient or beneficial to the issuance or marketing of such bonds, in order to provide additional funds for planned expenditures, the reimbursement of the Commission for prior expenditures as permitted by the Law and the Ordinance and as further described in the Ordinance, including, but not limited to, the funding of certain transportation facility and public infrastructure improvements within the County, the funding of habitat-related environmental mitigation and enhancement requirements and the payment of costs of issuance incurred in connection with the 2021 Project Bonds, is hereby authorized and approved.

Section 3. The issuance by the Commission of not to exceed \$200,000,000 aggregate principal amount of 2021 Refunding Bonds, in accordance with the provisions of the Indenture or the Subordinate Indenture, in one or more series or subseries, as tax-exempt or taxable bonds and with such additional designations as may be convenient or beneficial to the issuance or marketing of such bonds, in order to refund or purchase all or a portion of the outstanding 2014 Bonds, including in connection with a tender offer and purchase, and to pay of the costs of issuance incurred in connection with the 2021 Refunding Bonds, is hereby authorized and approved, including such tender offer and purchase.

Section 4. The proposed forms of the Senior Supplemental Indenture and the Subordinate Supplemental Indenture, each between the Commission and the Trustee or the Subordinate Trustee, as applicable, relating to the issuance of the 2021 Refunding Bonds and 2021 Project Bonds, as applicable, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary of the Board is directed to file a copy of said forms of Senior Supplemental Indenture and Subordinate Supplemental Indenture with the minutes of this meeting, and any one of the Chair of the Board, the Executive Director of the Commission or the Chief Financial Officer of the Commission or a designee of any such official (each an "Authorized Representative"), and the Secretary of the Board are authorized and directed to execute and deliver each of the Senior Supplemental Indenture and the Subordinate Supplemental Indenture to the Trustee or Subordinate Trustee, as applicable, in substantially such forms, and with such additions thereto or changes therein, as they, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Senior Supplemental Indenture or the Subordinate Supplemental Indenture. The structure, date, maturity date or dates (not to exceed April 1, 2048), interest rate or rates (not to exceed six percent (6.00%) per annum, and with a not to exceed five percent (5.00%) per annum true interest cost), original issue discounts (not to

exceed two percent (2.00%) of the principal amount of the 2021 Bonds), interest payment dates, forms, registration privileges, place or places of payment, terms of redemption, mandatory tender and purchase, additional series designation and number or letter thereof and other terms of the 2021 Bonds shall be (subject to the foregoing limitations) as provided in the Senior Supplemental Indenture or the Subordinate Supplemental Indenture, as applicable, as finally executed and delivered.

Section 5. The proposed form of the Preliminary Official Statement describing the 2021 Bonds, the bond features that may be selected in connection with the issuance of the 2021 Bonds, and related matters, submitted to the Commission, is hereby approved. The Authorized Representative is hereby authorized and directed to execute and deliver one or more Official Statements in substantially such form, and with such additions thereto or changes therein, as the Authorized Representative executing the same, with the advice of Disclosure Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Official Statement; and the Authorized Representative is hereby authorized and directed to execute and deliver a certificate confirming that the Preliminary Official Statement is “deemed final” by the Commission for purposes of Securities and Exchange Commission Rule 15c2-12. The distribution by the Underwriters of copies of the Official Statement in final form to all actual purchasers of the 2021 Bonds and the distribution by the Underwriters of the Preliminary Official Statement to potential purchasers of the 2021 Bonds are hereby authorized and approved.

Section 6. The proposed forms of Bond Purchase Agreement, providing for the sale of the 2021 Bonds, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary of the Board is directed to file a copy of said forms of the Bond Purchase Agreement with the minutes of this meeting. The sale of the 2021 Bonds to the Underwriters, on one or more sale dates, at the principal amount thereof (less any original issue discount thereon), less an underwriters’ discount (or subject to an underwriters’ fee payable by the Commission to the Underwriters) of not to exceed one-half percent (0.50%) of such principal amount (exclusive of any original issue discount) in accordance with said Bond Purchase Agreement and the costs of issuance (exclusive of underwriters’ discount) to be financed with respect to any series of 2021 Bonds not to exceed one percent (1.00%) of the proceeds of the sale of such series of 2021 Bonds (exclusive of any original issue discount), be and is hereby authorized and approved, and the Authorized Representative is authorized and directed to complete, execute and deliver one or more Bond Purchase Agreement in substantially such forms, providing for the sale of one or more series or subseries of 2021 Bonds not to exceed \$310,000,000 in aggregate principal amount, such issue or issues to be, at such principal amounts, with such interest rates, maturities and discounts to be specified therein, and with such additions thereto or changes therein, as the Authorized Representative executing the same, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of one or more Bond Purchase Agreement.

Section 7. The Authorized Representative is hereby authorized and directed to execute and deliver one or more Continuing Disclosure Agreements in substantially the form before the Commission with such changes and additions as such officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The Commission hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 9. The Chair and the Secretary of the Board, the Executive Director, and the Director of Finance of the Commission, and other appropriate officers of the Board or the Commission, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Commission, to execute and deliver any and all documents, certificates and representations, including, without limitation, redemption or defeasance notices, offers to tender or exchange or purchase bonds, tender agent agreements, dealer/manager agreements, purchase/repurchase agreements, exchange agreements, escrow agreements, including without limitation escrow agreements providing for the redemption and defeasance of all or a portion of the outstanding 2014 Bonds, credit documents, signature certificates, no-litigation certificates, tax certificates, letters of representation relating to book-entry registration, insurance agreements, reimbursement agreements, investment instructions, including without limitation bidding or other escrow security purchase agreements the terms of which comply with the Indenture, investments in State and Local Government Series (SLGs) treasury securities, certificates concerning the contents of the Official Statement and the representations and warranties in the Bond Purchase Agreement and related agreements, and certificates, agreements, and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Commission has approved in this Resolution.

Section 10. All approvals, consents, directions, instructions, notices, orders, requests, indemnifications and other actions permitted or required by any of the documents authorized by this Resolution or executed in connection with the 2008 Bonds, 2010 Bonds, 2012 Bonds, 2014 Bonds, 2016 Bonds, 2019 Bonds, 2020 Bonds, TIFIA Bonds, the 2021 Bonds, or the Existing Subordinate Notes, including, without limitation, any amendment or substitution of any of the documents authorized by this Resolution or relating to any of the foregoing obligations that may be necessary or desirable in connection with any liquidity or credit facility, any reserve facility, any investment of proceeds of any series of bonds, or in connection with any disclosure document, any agreements with trustees, paying agents, credit providers, liquidity providers, counterparties, remarketing agents, escrow agents, calculation agents or verification agents, may be given or taken by an Authorized Representative, without further authorization or direction by the Commission, and any and all such actions heretofore taken by such officers are hereby ratified, confirmed, and approved, and the Authorized Representatives are each hereby authorized and directed to execute such documents and give any such approval, amendment, consent, direction, instruction, notice, order, request, indemnification or other action and to take any such action that such person, with the advice of Bond Counsel, may deem necessary or desirable to further the purposes of this Resolution.

Section 11. All actions heretofore taken by the officers and agents of the Board or the Commission with respect to the rating, issuance, purchase, execution and delivery of the 2021 Bonds are hereby ratified, confirmed and approved.

Section 12. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 12th of February 2021.

Ayes

Noes

Absent

**Chair of the Board of Directors
of the San Diego County Regional
Transportation Commission**

[Seal]

Attest

**Secretary of the Board of Directors of the
San Diego County Regional Transportation
Commission**

EXHIBIT A
2021 REFUNDING BONDS - GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2021 Refunding Bonds in compliance with Section 5852.1 of the California Government Code. Such good faith estimates have been provided to the Commission by the Municipal Advisor and by the Underwriters.

Principal Amount. The Municipal Advisor and the Underwriters have informed the Commission that, based on the Commission's financing plan and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the aggregate principal amount of the 2021 Refunding Bonds to be sold in a public offering is \$171,995,000 (the "Estimated Principal Amount").

True Interest Cost of the 2021 Refunding Bonds. The Municipal Advisor and the Underwriters have informed the Commission that, assuming that the Estimated Principal Amount of the 2021 Refunding Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the true interest cost of the 2021 Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2021 Refunding Bonds, is 2.30%.

Finance Charge of the 2021 Refunding Bonds. The Municipal Advisor and the Underwriters have informed the Commission that, assuming that the Estimated Principal Amount of the 2021 Refunding Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the finance charge for the 2021 Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2021 Refunding Bonds), is \$750,000.

Amount of Proceeds to be Received. The Municipal Advisor and the Underwriters have informed the Commission that, assuming that the Estimated Principal Amount of the 2021 Refunding Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the Commission for sale of the 2021 Refunding Bonds, less the finance charge of the 2021 Refunding Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2021 Refunding Bonds, is \$171,245,000.

Total Payment Amount. The Municipal Advisor and the Underwriters have informed the Commission that, assuming that the Estimated Principal Amount of the 2021 Refunding Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all payments the Commission will make to pay debt service on the 2021 Refunding Bonds, plus the estimated finance charge for the 2021 Refunding Bonds, as described above, not paid with the proceeds of the 2021 Refunding Bonds, calculated to the final maturity of the 2021 Refunding Bonds, is \$217,446,976.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the 2021 Refunding Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates for a variety of reasons, including, without limitation, due to (a) the market conditions prevailing on the actual date of the sale of the 2021 Refunding Bonds being different than the market conditions prevailing at the time of preparation of the estimates contained herein, (b) the actual principal amount of 2021 Refunding Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the 2021 Refunding Bonds being different than the amortization assumed for purposes of preparing the estimates contained herein, (d) the actual interest rates at which the 2021 Refunding Bonds are sold being

different than those estimated for purposes of preparing the estimates contained herein, (e) other market conditions, or (f) alterations in the Commission's financing plan, or a combination of such factors. The actual date of sale of the 2021 Refunding Bonds and the actual principal amount of 2021 Refunding Bonds sold will be determined by the Commission based on various factors. The actual interest rates borne by the 2021 Refunding Bonds will depend on market conditions at the time of sale thereof. The actual amortization of the 2021 Refunding Bonds will also depend, in part, on market conditions at the time of sale thereof. Market conditions, including, without limitation, interest rates are affected by economic and other factors beyond the control of the Commission, the Municipal Advisor and the Underwriters.

2021 PROJECT BONDS - GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2021 Project Bonds in compliance with Section 5852.1 of the California Government Code. Such good faith estimates have been provided to the Commission by the Municipal Advisor and by the Underwriters.

Principal Amount. The Municipal Advisor and the Underwriters have informed the Commission that, based on the Commission's financing plan and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the aggregate principal amount of the 2021 Project Bonds to be sold in a public offering is \$76,265,000 (the "Estimated Principal Amount").

True Interest Cost of the 2021 Project Bonds. The Municipal Advisor and the Underwriters have informed the Commission that, assuming that the Estimated Principal Amount of the 2021 Project Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the true interest cost of the 2021 Project Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2021 Project Bonds, is 2.50%.

Finance Charge of the 2021 Project Bonds. The Municipal Advisor and the Underwriters have informed the Commission that, assuming that the Estimated Principal Amount of the 2021 Project Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the finance charge for the 2021 Project Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2021 Project Bonds), is \$600,000.

Amount of Proceeds to be Received. The Municipal Advisor and the Underwriters have informed the Commission that, assuming that the Estimated Principal Amount of the 2021 Project Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the Commission for sale of the 2021 Project Bonds, less the finance charge of the 2021 Project Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2021 Project Bonds, is \$98,000,000.

Total Payment Amount. The Municipal Advisor and the Underwriters have informed the Commission that, assuming that the Estimated Principal Amount of the 2021 Project Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all payments the Commission will make to pay debt service on the 2021 Project Bonds, plus the estimated finance charge for the 2021 Project Bonds, as described above, not paid with the proceeds of the 2021 Project Bonds, calculated to the final maturity of the 2021 Project Bonds, is \$131,572,570.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the 2021 Project Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates for a variety of reasons, including, without limitation, due to (a) the market conditions prevailing on the actual date of the sale of the 2021 Project Bonds being different than the market conditions prevailing at the time of preparation of the estimates contained herein, (b) the actual principal amount of 2021 Project Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the 2021 Project Bonds being different than the amortization assumed for purposes of preparing the estimates contained herein, (d) the actual interest rates at which the 2021 Project Bonds are sold being different than those estimated for purposes of preparing the estimates contained herein, (e) other market conditions, or

(f) alterations in the Commission's financing plan, or a combination of such factors. The actual date of sale of the 2021 Project Bonds and the actual principal amount of 2021 Project Bonds sold will be determined by the Commission based on various factors. The actual interest rates borne by the 2021 Project Bonds will depend on market conditions at the time of sale thereof. The actual amortization of the 2021 Project Bonds will also depend, in part, on market conditions at the time of sale thereof. Market conditions, including, without limitation, interest rates are affected by economic and other factors beyond the control of the Commission, the Municipal Advisor and the Underwriters.

SECRETARY'S CERTIFICATE

I, _____, Secretary of the Board of Directors of the San Diego County Regional Transportation Commission, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Commission duly and legally held at the regular meeting place of the Commission in San Diego, California, on _____, 2021, of which meeting all of said directors of the Commission had due notice and at which a majority thereof were present and acting throughout; and

At said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

An agenda of said meeting was posted at least 72 hours before said meeting at a location in San Diego, California, freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda;

I have carefully compared the foregoing with the original minutes and recording of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes; and

Said original resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand and the seal of the San Diego County Regional Transportation Commission this ____ day of _____ 2021.

[Seal]

Secretary of the Board of Directors of the
San Diego County Regional Transportation
Commission

ELEVENTH SUPPLEMENTAL INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of [] 1, 2021

Relating to

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2021 SERIES A (FEDERALLY TAXABLE)

(Supplementing the Indenture
Dated as of March 1, 2008)

TABLE OF CONTENTS

	Page
ARTICLE LXI DEFINITIONS	1
Section 61.01 Definitions.....	1
ARTICLE LXII FINDINGS, DETERMINATIONS AND DIRECTIONS	3
Section 62.01 Findings and Determinations	3
Section 62.02 Recital in 2021 Series A Bonds	3
Section 62.03 Effect of Findings and Recital	3
ARTICLE LXIII AUTHORIZATION AND REDEMPTION OF 2021 SERIES A BONDS	4
Section 63.01 Principal Amount, Designation and Series	4
Section 63.02 Purpose and Application of Proceeds.	4
Section 63.03 Form, Denomination, Numbers and Letters	4
Section 63.04 Execution of 2021 Series A Bonds	4
Section 63.05 Date, Maturities and Interest Rates.....	5
Section 63.06 Optional Redemption of the 2021 Series A Bonds.....	6
Section 63.07 Mandatory Redemption of 2021 Series A Bonds From Mandatory Sinking Account Payments	6
Section 63.08 Selection of 2021 Series A Bonds for Redemption	7
Section 63.09 Notice of Redemption of 2021 Series A Bonds.....	8
Section 63.10 No Reserve Fund for 2021 Series A Bonds	8
ARTICLE LXIV ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF	9
Section 64.01 Funds and Accounts.....	9
Section 64.02 2021 Series A Costs of Issuance Account	9
ARTICLE LXV MISCELLANEOUS	9
Section 65.01 Continuing Disclosure	9
Section 65.02 Severability	9
Section 65.03 Parties Interested Herein	10
Section 65.04 Headings Not Binding.....	10
Section 65.05 Notice Addresses	10
Section 65.06 Notices to Rating Agencies.....	10
Section 65.07 Indenture to Remain in Effect.....	10

TABLE OF CONTENTS
(continued)

	Page
Section 65.08 Effective Date of Eleventh Supplemental Indenture	11
Section 65.09 Execution in Counterparts.....	11
Section 65.01 Electronic Signature.....	11
EXHIBIT A FORM OF 2021 SERIES A BOND.....	A-2
EXHIBIT B NOTICE ADDRESSES	B-1

DRAFT

ELEVENTH SUPPLEMENTAL INDENTURE

THIS ELEVENTH SUPPLEMENTAL INDENTURE, dated as of [_____] 1, 2021 (this “Eleventh Supplemental Indenture”), between the SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly established and existing under the laws of the State of California (the “Commission”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”):

WITNESSETH:

WHEREAS, this Eleventh Supplemental Indenture is supplemental to the Indenture, dated as of March 1, 2008 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Commission and the Trustee;

WHEREAS, the Indenture provides that the Commission may issue Bonds from time to time as authorized by a Supplemental Indenture, which Bonds are to be payable from Revenues and from such other sources as may be specified with respect to a particular Series of Bonds in the Supplemental Indenture authorizing such Series; and

WHEREAS, the Commission desires to provide at this time for the issuance of a Series of Bonds to be designated “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable)” (the “2021 Series A Bonds”) for the purpose of providing funds to refund [a portion] of the 2014 Series A Bonds previously issued under the Indenture and to pay Costs of Issuance, all as provided in this Eleventh Supplemental Indenture;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE LXI DEFINITIONS

Section 61.01 Definitions.

(a) Definitions. Unless the context otherwise requires, or as otherwise provided in subsection (b) of this Section, all terms that are defined in Section 1.02 of the Indenture shall have the same meanings in this Eleventh Supplemental Indenture.

(b) Additional Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this Eleventh Supplemental Indenture, have the following meanings:

“**Authorized Denominations**” means, with respect to the 2021 Series A Bonds, \$5,000 and any integral multiple thereof.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement of the Commission relating to the 2021 Series A Bonds.

“Eleventh Supplemental Indenture” means this Eleventh Supplemental Indenture, dated as of [_____] 1, 2021, between the Commission and the Trustee, as amended and supplemented from time to time.

“Interest Payment Date” means for the 2021 Series A Bonds each April 1 and October 1, commencing October 1, 2021 and, in any event, the final maturity date or redemption date of each 2021 Series A Bond.

“Issue Date” means, with respect to the 2021 Series A Bonds, the date on which the 2021 Series A Bonds are first delivered to the purchasers thereof.

“Record Date” means, with respect to the 2021 Series A Bonds, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

“Redemption Price” means, with respect to any 2021 Series A Bond or a portion thereof, 100% of the principal amount thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Eleventh Supplemental Indenture.

“Refunded 2014A Bonds” means the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2014 Series A maturing in the years [_____] 1, 2021, between the Commission and the Trustee, as amended and supplemented from time to time.

“2014A Escrow Agent” means U.S. Bank National Association, as escrow agent under the 2014A Escrow Agreement.

“2014A Escrow Agreement” means the Escrow Agreement (2014A), dated as of [_____] 1, 2021, between the Commission and the 2014A Escrow Agent, providing for the refunding of the Refunded 2014A Bonds.

“2014A Escrow Fund” means the Escrow Fund established under the 2014A Escrow Agreement.

“2021 Series A Bonds” shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable), authorized by Article LXIII of the Indenture.

“2021 Series A Costs of Issuance Account” means the 2021 Series A Costs of Issuance Account established pursuant to Section 64.01 hereof.

“2021 Series A Designated Consultant” means an independent accounting firm, investment banking firm, or municipal advisor retained by the Commission at the Commission’s expense.

“2021 Series A Make-Whole Redemption Price” means, with respect to any 2021 Series A Bond to be redeemed pursuant to Section 63.06(b) hereof, the amount calculated by the 2021 Series A Designated Consultant equal to the greater of:

(a) 100% of the principal amount of the 2021 Series A Bonds to be redeemed;
or

(b) the sum of the present values of the applicable remaining payments of principal and interest on the 2021 Series A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2021 Series A Bonds are to be redeemed, discounted to the date of redemption of such 2021 Series A Bonds on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the 2021 Series A Treasury Rate plus [] basis points ([]%);

plus, in each case, accrued and unpaid interest on the 2021 Series A Bonds to be redeemed to the date fixed for redemption

“2021 Series A Treasury Rate” means with respect to any redemption date for a particular 2021 Series A Bond, the yield to maturity of United States Treasury securities (excluding inflation indexed securities) with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available not less than five nor more than 45 calendar days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)), most nearly equal to the period from the redemption date to the maturity date of the 2021 Series A Bond to be redeemed, as determined by the 2021 Series A Designated Consultant.

ARTICLE LXII

FINDINGS, DETERMINATIONS AND DIRECTIONS

Section 62.01 Findings and Determinations. The Commission hereby finds and determines that the 2021 Series A Bonds shall be issued pursuant to Article III and upon the issuance of the 2021 Series A Bonds, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

Section 62.02 Recital in 2021 Series A Bonds. There shall be included in each of the definitive 2021 Series A Bonds, and also in each of the temporary 2021 Series A Bonds, if any are issued, a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that 2021 Series A Bond, and in the issuing of that 2021 Series A Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Act, and that said 2021 Series A Bond, together with all other indebtedness of the Commission payable out of Revenues, is within every debt and other limit prescribed by the Constitution and statutes of the State and the Act, and that such certification and recital shall be in such form as is set forth in the form of the 2021 Series A Bond attached hereto as Exhibit A.

Section 62.03 Effect of Findings and Recital. From and after the issuance of the 2021 Series A Bonds, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2021 Series A Bonds is at issue.

ARTICLE LXIII
AUTHORIZATION AND REDEMPTION OF 2021 SERIES A BONDS

Section 63.01 Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$[_____]. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable).”

Section 63.02 Purpose and Application of Proceeds.

(a) The 2021 Series A Bonds are issued for the purpose of refunding [all / a portion] of the Commission’s [2014 Series A Bonds]. In addition, a portion of the proceeds will be applied to pay Costs of Issuance of the 2021 Series A Bonds. The net proceeds from the sale of the 2021 Series A Bonds in the amount of \$[_____] shall be received by the Trustee, and the Trustee shall transfer or deposit such funds as follows:

(i) \$[_____] of the proceeds of the 2021 Series A Bonds shall be transferred to the 2014A Escrow Agent for deposit into the 2014A Escrow Fund; and

(ii) \$[_____] of the proceeds of the 2021 Series A Bonds shall be deposited in the 2021 Series A Costs of Issuance Account.

Section 63.03 Form, Denomination, Numbers and Letters. Each Series of the 2021 Series A Bonds shall be issued as fully registered bonds without coupons in book-entry form and in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” prefixed to the number. Each maturity of the 2021 Series A Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of the 2021 Series A Bonds and as the form of the certificate of authentication as such form shall be completed based on the terms of each 2021 Series A Bond set forth herein.

Section 63.04 Execution of 2021 Series A Bonds. The 2021 Series A Bonds shall be executed in the name and on behalf of the Commission by the facsimile or manual signature of the Chair of the Board of Directors of the Commission and attested by the facsimile or manual signature of the Chief Financial Officer of the Commission. For all purposes of Section 2.04 of the Indenture, the Chief Financial Officer of the Commission shall be deemed to be the Director of Finance of the Commission. The 2021 Series A Bonds shall be authenticated by the Trustee by the manual signature of an authorized officer.

If any of the officers who shall have signed any of the 2021 Series A Bonds or whose facsimile signature shall be upon the 2021 Series A Bonds shall cease to be such officer of the Commission before the 2021 Series A Bond so signed shall have been authenticated by the Trustee or delivered, such 2021 Series A Bonds nevertheless may be authenticated, issued and delivered with the same force and effect and shall be as binding on the Commission as though the person or persons who signed such 2021 Series A Bonds or whose facsimile signature shall be upon the

2021 Series A Bonds had not ceased to be such officer of the Commission; and any such 2021 Series A Bond may be signed on behalf of the Commission by those persons who, at the actual date of the execution of such 2021 Series A Bonds, shall be the proper officers of the Commission, although at the date of such 2021 Series A Bond any such person shall not have been such officer of the Commission.

Section 63.05 Date, Maturities and Interest Rates.

(a) 2021 Series A Bonds. The 2021 Series A Bonds shall be dated their Issue Date and shall bear interest from that date payable on each Interest Payment Date. The 2021 Series A Bonds shall be issued in the aggregate principal amount of \$[] and shall mature on the following dates and in the following amounts, subject to the right of prior redemption set forth in Section 63.06 and the requirement of mandatory sinking fund redemption set forth in Section 63.07, and shall bear interest at the following rates per annum:

Maturity Date
(April 1)

Principal Amount

Interest Rate

[* Term Bond]

Each 2021 Series A Bond shall bear interest from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such 2021 Series A Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication. Interest on the 2021 Series A Bonds shall be computed on the basis of a 360-day year composed of twelve 30 day months.

(b) Payment Provisions. Each 2021 Series A Bond shall be payable as provided in Section 2.10, including Section 2.10(E), or, in the event the use of the Securities Depository is discontinued, the principal of each 2021 Series A Bond shall be payable in lawful money of the United States of America upon surrender thereof at the Corporate Trust Office of the Trustee, and the interest on each 2021 Series A Bond shall be payable on each Interest Payment Date in lawful money of the United States of America by the Trustee to the Holder thereof as of

the close of business on the Record Date, such interest to be paid by the Trustee to such Holder in immediately available funds (by wire transfer or by deposit to the account of the Holder if such account is maintained with the Trustee), according to the instructions given by such Holder to the Trustee or, in the event no such instructions have been given, by check mailed by first class mail to the Holder at such Holder's address as it appears as of the Record Date on the bond registration books kept by the Trustee.

Section 63.06 Optional Redemption of the 2021 Series A Bonds.

(a) Optional Redemption of the 2021 Series A Bonds. The 2021 Series A Bonds maturing on and after April 1, 20[] are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after April 1, 20[], as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission, in Authorized Denominations, at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

(b) Optional Make-Whole Redemption of 2021 Series A Bonds. The 2021 Series A Bonds are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date, as a whole or in part by such maturity or maturities as may be specified by Request of the Commission, in Authorized Denominations, at a redemption price equal to the 2021 Series A Make-Whole Redemption Price.

(c) Sufficient Funds Required for Optional Redemption. Any optional redemption of 2021 Series A Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of Section 4.02 if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2021 Series A Bonds called for redemption.

Section 63.07 Mandatory Redemption of 2021 Series A Bonds From Mandatory Sinking Account Payments. The 2021 Series A Bonds maturing on April 1, 20[] are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2021 Series A Bonds, on each April 1 on and after April 1, 20[], and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Mandatory Sinking Account Payments for 2021 Series A Bonds maturing on April 1, 20[] shall be due in such amounts and on such dates as follows:

*Redemption Date
(April 1)*

*Mandatory Sinking
Account Payment*

* Final Maturity

The 2021 Series A Bonds maturing on April 1, 20[] are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2021 Series A Bonds, on each April 1 on and after April 1, 20[], and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Mandatory Sinking Account Payments for 2021 Series A Bonds maturing on April 1, 20[] shall be due in such amounts and on such dates as follows:

<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>

* Final Maturity

Section 63.08 Selection of 2021 Series A Bonds for Redemption. The Commission shall designate which maturities of 2021 Series A Bonds that are to be called for redemption pursuant to Section 63.06(a) or (b). In the event 2021 Series A Bonds that are Term Bonds are designated for redemption pursuant to Section 63.06(a) or (b), the Commission may designate the Mandatory Sinking Account Payments under Section 63.07 or portions thereof, that are to be reduced as allocated to such redemption.

If the 2021 Series A Bonds are registered in book-entry only form, and so long as DTC or a successor Securities Depository is the sole registered owner of the 2021 Series A Bonds, if less than all of the 2021 Series A Bonds of a maturity are called for prior redemption at any one time, the particular 2021 Series A Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the 2021 Series A Bonds are held in book-entry form, the selection for redemption of such 2021 Series A Bonds shall be made in accordance with the operational arrangements of DTC then in effect that at issuance provided for adjustment of the principal by a factor provided pursuant to DTC operational arrangements. If the Trustee does not provide the necessary information and identify the redemption as on a “Pro Rata Pass-Through Distribution of Principal” basis, the 2021 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures. Redemption allocations made by DTC, direct or indirect participants in DTC or such other intermediaries that may exist between the Commission and the Beneficial Owners are to be

made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. If the DTC operational arrangements do not allow for the redemption of the 2021 Series A Bonds on a “Pro Rata Pass-Through Distribution of Principal” basis as described above, then the 2021 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures.

If the 2021 Series A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2021 Series A Bonds shall be effected by the Trustee among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular 2021 Series A Bonds to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate.

Section 63.09 Notice of Redemption of 2021 Series A Bonds. Each notice of redemption of 2021 Series A Bonds shall be mailed by the Trustee, not less than twenty (20) nor more than ninety (90) days prior to the redemption date, to each Holder of 2021 Series A Bonds and each of the Repositories. A copy of such notice shall also be provided to each of the Notice Parties with respect to the 2021 Series A Bonds. Notice of redemption to the Holders of 2021 Series A Bonds, the Repositories and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the 2021 Series A Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2021 Series A Bonds of such maturity, if any, to be redeemed and, in the case of 2021 Series A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said 2021 Series A Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2021 Series A Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2021 Series A Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Commission nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any 2021 Series A Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Commission nor the Trustee shall be liable for any inaccuracy in such CUSIP numbers.

In connection with any optional redemption of the 2021 Series A Bonds, the Commission shall give the Trustee written notice at least 30 days (or such lesser time period acceptable to the Trustee) before any date fixed for redemption, designating the maturity or maturities of the 2021 Series A Bonds to be redeemed, the portions thereof to be redeemed and the fact and date of such redemption. Any optional redemption of the 2021 Series A Bonds and notice thereof may be rescinded and cancelled as provided in Section 63.06(c) and Section 4.02 of the Indenture.

Section 63.10 No Reserve Fund for 2021 Series A Bonds. No reserve is established with respect to the 2021 Series A Bonds and the 2021 Series A Bonds are not 2008 Reserve Fund Eligible Bonds.

ARTICLE LXIV
ESTABLISHMENT OF FUNDS AND ACCOUNTS
AND APPLICATION THEREOF

Section 64.01 Funds and Accounts. To ensure the proper application of such portion of proceeds from the sale of the 2021 Series A Bonds to be applied to pay Costs of Issuance of the 2021 Series A Bonds, there is hereby established the 2021 Series A Costs of Issuance Account, such account to be held by the Trustee.

Section 64.02 2021 Series A Costs of Issuance Account. The Trustee shall establish the 2021 Series A Costs of Issuance Account. All money on deposit in the 2021 Series A Costs of Issuance Account shall be applied solely for the payment of authorized Costs of Issuance relating to the 2021 Series A Bonds. Before any payment from the 2021 Series A Costs of Issuance Account shall be made by the Trustee, the Commission shall file or cause to be filed with the Trustee a Requisition of the Commission, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Commission and are presently due and payable and that each item thereof is a proper charge against the 2021 Series A Costs of Issuance Account and has not been previously paid from said account.

Any amounts remaining in the 2021 Series A Costs of Issuance Account or any subaccount therein one hundred eighty (180) days after the Issue Date of the 2021 Series A Bonds shall be transferred to the Interest Fund and the 2021 Series A Costs of Issuance Account shall be closed.

ARTICLE LXV
MISCELLANEOUS

Section 65.01 Continuing Disclosure. The Commission covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, dated the date of issuance of the 2021 Series A Bonds, executed by the Commission. Notwithstanding any other provision of the Indenture, failure of the Commission to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Holders of at least twenty-five (25%) aggregate principal amount of the 2021 Series A Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Section.

Section 65.02 Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Eleventh Supplemental Indenture, or the application thereof to any person

or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Eleventh Supplemental Indenture, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Eleventh Supplemental Indenture and the 2021 Series A Bonds issued pursuant hereto shall remain valid, and the Holders of the 2021 Series A Bonds shall retain all valid rights and benefits accorded to them under this Indenture, the Act, and the Constitution and statutes of the State.

Section 65.03 Parties Interested Herein. Nothing in this Eleventh Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Commission, the Trustee and the Holders of the 2021 Series A Bonds, any right, remedy or claim under or by reason of this Eleventh Supplemental Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Eleventh Supplemental Indenture contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Commission, the Trustee and the Holders of the 2021 Series A Bonds.

Section 65.04 Headings Not Binding. The headings in this Eleventh Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Eleventh Supplemental Indenture.

Section 65.05 Notice Addresses. Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, addressed to the Notice Address for the appropriate party or parties as provided in Exhibit B hereto. Any such entity by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses. Any such communication may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 65.06 Notices to Rating Agencies. The Trustee shall provide notice to the Rating Agencies of the following events with respect to the 2021 Series A Bonds:

- (1) Change in Trustee;
- (2) Amendments to the Indenture; and
- (3) Redemption or defeasance of any 2021 Series A Bonds.

Section 65.07 Indenture to Remain in Effect. Save and except as amended and supplemented by this Eleventh Supplemental Indenture, the Indenture, as heretofore supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture and the Tenth Supplemental Indenture shall remain in full force and effect.

Section 65.08 Effective Date of Eleventh Supplemental Indenture. This Eleventh Supplemental Indenture shall take effect upon its execution and delivery.

Section 65.09 Execution in Counterparts. This Eleventh Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 65.01 Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Eleventh Supplemental Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Eleventh Supplemental Indenture using an electronic signature, it is signing, adopting, and accepting this Eleventh Supplemental Indenture and that signing this Eleventh Supplemental Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on this Eleventh Supplemental Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Eleventh Supplemental Indenture in a usable format.

DRAFT

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

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Executive Director

ATTEST:

Clerk

APPROVED AS TO FORM:

General Counsel

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2021 SERIES A BOND

No. R-- _____ \$ _____

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BOND
(LIMITED TAX BOND)

2021 SERIES A (FEDERALLY TAXABLE)

INTEREST RATE	MATURITY	ISSUE DATE	CUSIP
_____%	April 1, 20__	_____, 2021	797400 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly organized and existing under the laws of the State of California (the "Commission"), for value received, hereby promises to pay (but solely from Revenues as hereinafter referred to) in lawful money of the United States of America, to the registered Holder or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the Interest Rate set forth above payable on each April 1 and October 1, commencing October 1, 2021 (each, an "Interest Payment Date"). The principal of and premium, if any, on this Bond are payable to the registered Holder hereof upon presentation and surrender of this Bond at the Corporate Trust Office, in St. Paul, Minnesota or at such other Corporate Trust Office hereinafter designated for the presentation place of Bonds for payment, of U.S. Bank National Association, as trustee (together with any successor as trustee under the hereinafter defined Indenture, the "Trustee"). Interest on this Bond shall be paid by check drawn upon the Trustee and mailed on the applicable Interest Payment Date to the registered Holder hereof as of the close of business on the Record Date at such registered Holder's address as it appears on the Bond Register. As used herein, "Record Date" means the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

This Bond is one of a duly authorized issue of bonds of the Commission, designated as "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds)" (the "Bonds"), of the series designated above, all of which are being issued pursuant to the provisions of the San Diego County Regional Transportation Commission Act constituting Chapter 2 of Division 12.7 of the California Public Utilities Code (the "Act"), and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said Act, and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the California Government Code (collectively, and together with the Act, the "Law"), and an Indenture, dated as of March 1, 2008, as supplemented, including as supplemented by an Eleventh Supplemental Indenture, dated as of [_____] 1, 2021 (the "Eleventh Supplemental Indenture"), each between the Commission and the

Trustee, hereinafter referred to collectively as the “Indenture.” Said authorized issue of Bonds is not limited in aggregate principal amount and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture provided. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Indenture.

THIS BOND IS A LIMITED TAX BOND OBLIGATION OF THE COMMISSION PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE AND THE COMMISSION IS NOT OBLIGATED TO PAY THIS BOND EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THIS BOND DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE COMMISSION, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED HEREIN) OF THE COMMISSION IS NOT PLEDGED, FOR THE PAYMENT OF THE BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Reference is hereby made to the Indenture and the Law for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the pledge of Revenues and certain other funds and the rights of the registered Holders of the Bonds and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the Commission and the registered Holder from time to time of this Bond, and to all the provisions thereof the registered Holder of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued and other indebtedness may be incurred on a parity with the Series of Bonds of which this Bond is a part, but only subject to the conditions and limitations contained in the Indenture.

This Bond is payable as to both principal and interest, and any premium upon redemption hereof, exclusively from the Revenues and other funds pledged under the Indenture, which consist primarily of the amounts available for distribution to the Commission on and after July 1, 1988 on account of the retail transactions and use tax imposed in the County of San Diego pursuant to the Law, as extended, after deducting amounts payable by the Commission to the State Board of Equalization for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Law, all as provided in the Indenture, and the Commission is not obligated to pay the principal of and interest on this Bond except from Revenues and certain other funds pledged thereunder.

This Bond is deliverable in the form of a fully registered Bond in denominations of \$5,000 and any multiple thereof (such denominations being referred to herein as “Authorized Denominations”).

Optional and Mandatory Redemption Provisions

The Bonds of the Series of which this Bond is a part shall be subject to optional and mandatory redemption as specified in the Indenture.

Amendments and Modifications

The rights and obligations of the Commission and of the Beneficial Owners and registered Holders of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Holders of the Bonds.

Transfer and Exchange Provisions

This Bond is transferable or exchangeable as provided in the Indenture, only upon the bond registration books maintained by the Trustee, by the registered Holder hereof, or by his or her duly authorized attorney, upon surrender of this Bond at the Corporate Trust Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his or her duly authorized attorney, and thereupon a new Bond or Bonds of the same series, maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, upon payment of any charges therein prescribed.

Persons Deemed Holders

The person in whose name this Bond is registered shall be deemed and regarded as the absolute Holder hereof for all purposes, including receiving payment of, or on account of, the principal hereof and any redemption premium and interest due hereon.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Law, and that this Bond, together with all other indebtedness of the Commission payable out of Revenue, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and the Act.

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

IN WITNESS WHEREOF the San Diego County Regional Transportation Commission has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its duly authorized representatives all as of the Issue Date set forth above.

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Chair of the Board of Directors

(Seal)

Attest:

Chief Financial Officer

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the 2021 Series A Bonds described in the within mentioned Indenture and was authenticated on the date set forth below.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

[DTC LEGEND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

DRAFT

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
TAX IDENTIFICATION NUMBER OF ASSIGNEE

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoint

to transfer the within Bond on the books kept for registration thereof with full power of
substitution in the premises.

Dated:

Signature:

(Signature of Assignor)

Notice: The signature on this assignment must
correspond with the name of the registered
Holder as it appears upon the face of the within
Bond in every particular without alteration or
enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

Notice: Signature must be guaranteed by an
eligible guarantor firm.

EXHIBIT B

NOTICE ADDRESSES

To the Commission:

San Diego Association of Governments
401 B Street, Suite 800
San Diego, California 92101
Attention: Director of Finance
Telephone: (619) 699-6931
Facsimile: (619) 699-4890

To the Rating Agencies:

Standard & Poor's Ratings Services
55 Water Street, 38th Floor
New York, New York 10041
Telephone: (212) 438-2000
Facsimile: (212) 438-2157

Fitch Ratings
33 Whitehall Street
New York, New York 10004
Attention: Public Finance Department

To the Trustee:

U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Division
Telephone: (213) 615-6023
Facsimile: (213) 615-6197

THIRD SUPPLEMENT TO THE SUBORDINATE INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of [_____] 1, 2021

Supplementing the Subordinate Indenture
dated as of April 1, 2018

Relating to

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2021 SERIES B

TABLE OF CONTENTS

	Page
ARTICLE XXXIV DEFINITIONS.....	1
Section 34.01 Definitions.....	1
ARTICLE XXXV FINDINGS, DETERMINATIONS AND DIRECTIONS.....	3
Section 35.01 Findings and Determinations	3
Section 35.02 Recital in 2021 Series B Bonds	3
Section 35.03 Effect of Findings and Recital	4
ARTICLE XXXVI AUTHORIZATION OF THE 2021 SERIES B BONDS	4
Section 36.01 Principal Amount, Designation and Series	4
Section 36.02 Purpose and Application of Proceeds	4
Section 36.03 Form, Denomination, Numbers and Letters	4
Section 36.04 Execution of 2021 Series B Bonds; Book Entry.....	5
Section 36.05 Date, Maturities and Interest Rates	5
Section 36.06 Transfer of 2021 Series B Bonds	7
Section 36.07 Exchange of 2021 Series B Bonds.....	7
Section 36.08 2021 Series B Bonds Register.....	7
Section 36.09 Temporary 2021 Series B Bonds	7
Section 36.10 2021 Series B Bonds Mutilated; Lost; Destroyed or Stolen	8
Section 36.11 Use of Depository	8
ARTICLE XXXVII REDEMPTION OF THE 2021 SERIES B BONDS	10
Section 37.01 Optional Redemption of the 2021 Series B Bonds	10
Section 37.02 Mandatory Redemption of 2021 Series B Bonds From 2021B Mandatory Sinking Account Payments	10
Section 37.03 Notice of Redemption of 2021 Series B Bonds	11
Section 37.04 Partial Redemption of Bonds	13
Section 37.05 Effect of Redemption	13
ARTICLE XXXVIII ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF	13
Section 38.01 Funds and Accounts	13
Section 38.02 2021 Series B Bonds Project Fund	14
Section 38.03 2021 Series B Bonds Costs of Issuance Account	14
Section 38.04 2021 Series B Bonds Purchase Fund	15

TABLE OF CONTENTS
(continued)

	Page
Section 38.05 No Reserve Fund for 2021 Series B Bonds	15
ARTICLE XXXIX REVENUES.....	15
Section 39.01 Pledge of Revenues; Revenue Fund	15
Section 39.02 Allocation of Sales Tax Revenues.....	16
ARTICLE XL COVENANTS OF THE COMMISSION.....	17
Section 40.01 Punctual Payment.....	17
Section 40.02 Extension of Payment of 2021 Series B Bonds	17
Section 40.03 Waiver of Laws.....	18
Section 40.04 Further Assurances.....	18
Section 40.05 Against Encumbrances.....	18
Section 40.06 Accounting Records and Financial Statements.....	18
Section 40.07 2021 Series B Bonds Rebate Fund.....	18
Section 40.08 Tax Covenants	19
Section 40.09 Continuing Disclosure	20
ARTICLE XLI EVENTS OF DEFAULT AND REMEDIES OF HOLDERS	20
Section 41.01 Events of Default	20
Section 41.02 Trustee to Represent Holders.....	21
Section 41.03 Holders' Direction of Proceedings.....	21
Section 41.04 Limitation on Holders' Right to Sue	21
Section 41.05 Absolute Obligation of the Commission.....	21
Section 41.06 Termination of Proceedings.....	21
Section 41.07 Remedies Not Exclusive	22
Section 41.08 No Waiver of Default.....	22
ARTICLE XLII DEFEASANCE.....	22
Section 42.01 Discharge of Third Supplement	22
Section 42.02 Discharge of Liability on 2021 Series B Bonds.....	23
Section 42.03 Deposit of Money or Securities	23
Section 42.04 Payment of 2021 Series B Bonds After Discharge of Third Supplement	23
ARTICLE XLIII MISCELLANEOUS	23

TABLE OF CONTENTS
(continued)

	Page
Section 43.01 Terms of the 2021 Series B Bonds Subject to the Indenture	23
Section 43.02 Severability	23
Section 43.03 Parties Interested Herein	23
Section 43.04 Headings Not Binding.....	24
Section 43.05 Notice Addresses	24
Section 43.06 Notices to Rating Agencies.....	24
Section 43.07 Indenture to Remain in Effect.....	24
Section 43.08 Effective Date of Third Supplement	24
Section 43.09 Execution in Counterparts.....	24
Section 43.10 Electronic Signature.....	24
EXHIBIT A FORM OF 2021 SERIES B BOND.....	A-1
EXHIBIT B NOTICE ADDRESSES	B-1
EXHIBIT C PURCHASED 2014 BONDS & WIRE INSTRUCTIONS	C-1

THIRD SUPPLEMENT

THIS THIRD SUPPLEMENT TO THE SUBORDINATE INDENTURE, dated as of [_____] 1, 2021 (this “Third Supplement”), between the SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly established and existing under the laws of the State of California (the “Commission”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”):

WITNESSETH:

WHEREAS, this Third Supplement is supplemental to the Subordinate Indenture, dated as of April 1, 2018 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Commission and the Trustee;

WHEREAS, the Indenture provides that the Commission may issue Parity Debt from time to time as authorized by a Supplemental Indenture, payable from Revenues and secured by the pledge made under the Indenture equally and ratably with any outstanding Notes or Parity Debt; and

WHEREAS, the Commission desires to provide at this time for the issuance of a series of bonds as Parity Debt to be designated “San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B” (the “2021 Series B Bonds”), for the purpose of providing funds (i) to pay for costs of the Project, (ii) to purchase in connection with a tender offer [a portion] of the Commission’s Sales Tax Revenue Bonds (Limited Tax Bonds), 2014 Series A (the “Purchased 2014 Bonds”) previously issued pursuant to an Indenture, dated as of March 1, 2008, as amended and supplemented, by and between the Commission and U.S. Bank National Association, as trustee and (iii) to pay Costs of Issuance, all as provided in this Third Supplement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE XXXIV DEFINITIONS

Section 34.01 Definitions.

(a) Definitions. Unless the context otherwise requires, or as otherwise provided in subsection (b) of this Section, all terms that are defined in Section 1.02 of the Indenture shall have the same meanings in this Third Supplement.

(b) Additional Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this Third Supplement, have the following meanings:

“**Authorized Denominations**” means, with respect to the 2021 Series B Bonds, \$5,000 and any integral multiple thereof.

“Beneficial Owner” means any Person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any 2021 Series B Bond, including, without limitation, any Person holding 2021 Series B Bonds through nominees or depositories, including the Depository.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of the Commission relating to the 2021 Series B Bonds.

“Holder” or **“Owner,”** whenever used herein with respect to a 2021 Series B Bond, means the person in whose name such 2021 Series B Bond is registered.

“Interest Payment Date” means for the 2021 Series B Bonds each April 1 and October 1, commencing October 1, 2021 and, in any event, the final maturity date or redemption date of each 2021 Series B Bond.

“Issue Date” means, with respect to the 2021 Series B Bonds, the date on which the 2021 Series B Bonds are first delivered to the purchasers thereof.

“Outstanding,” when used as of any particular time with reference to 2021 Series B Bonds, means (subject to the provisions of Section 11.10) all 2021 Series B Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (1) 2021 Series B Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) 2021 Series B Bonds with respect to which all liability of the Commission shall have been discharged in accordance with Section 42.02, including 2021 Series B Bonds (or portions of 2021 Series B Bonds) referred to in Section 11.10; and (3) 2021 Series B Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2021 Series B Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Participant” means, with respect to a Depository, each participant listed in such Depository’s book-entry system as having an interest in the 2021 Series B Bonds.

“Purchased 2014 Bonds” means the Commission’s Sales Tax Revenue Bonds (Limited Tax Bonds), 2014 Series A purchased in connection with a tender offer as further described in Exhibit C.

“Rebate Instructions” means those calculations and directions required to be delivered to the Trustee by the Commission pursuant to the 2021 Series B Bonds Tax Certificate.

“Record Date” means, with respect to the 2021 Series B Bonds, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

“Redemption Price” means, with respect to any 2021 Series B Bond or a portion thereof, 100% of the principal amount thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Third Supplement.

“Third Supplement” means this Third Supplement to the Indenture, between the Commission and the Trustee, as amended and supplemented from time to time.

“2021 Series B Bonds” shall mean the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B, authorized by Article XXXVI of the Indenture.

“2021 Series B Bonds Costs of Issuance Account” means the 2021 Series B Bonds Costs of Issuance Account established pursuant to Section 38.01(b).

“2021 Series B Bonds Interest Fund” means the fund by that name established pursuant to Section 39.02(a)(1).

“2021 Series B Bonds Principal Fund” means the fund by that name established pursuant to Section 39.02(a)(2).

“2021 Series B Bonds Project Fund” means the 2021 Series B Bonds Project Fund established pursuant to Section 38.01(a).

“2021 Series B Bonds Purchase Fund” means the 2021 Series B Bonds Purchase Fund established pursuant to Section 38.01(c).

“2021 Series B Bonds Rebate Fund” means the fund by that name established pursuant to Section 40.07(A).

“2021 Series B Bonds Rebate Requirement” means the Rebate Requirement defined in the 2021 Series B Bonds Tax Certificate.

“2021 Series B Bonds Tax Certificate” means the Tax Certificate executed on behalf of the Commission in connection with the issuance of the 2021 Series B Bonds.

“2021B Mandatory Sinking Account Payments” means the payments required to be made by the Commission pursuant to Section 37.02(a) of this Indenture for the payment of the 2021B Term Bonds.

“2021B Term Bonds” means the 2021 Series B Bonds payable at or before their specified maturity dates from 2021B Mandatory Sinking Account Payments pursuant to Section 37.02(a) of this Indenture.

ARTICLE XXXV

FINDINGS, DETERMINATIONS AND DIRECTIONS

Section 35.01 Findings and Determinations. The Commission hereby finds and determines that the 2021 Series B Bonds shall be issued as Parity Debt under the Indenture pursuant to Section 3.03 thereof and upon the issuance of the 2021 Series B Bonds, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

Section 35.02 Recital in 2021 Series B Bonds. There shall be included in each of the definitive 2021 Series B Bonds, and also in each of the temporary 2021 Series B Bonds, if any are

issued, a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that 2021 Series B Bond, and in the issuing of that 2021 Series B Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Law, and that said 2021 Series B Bond, together with all other indebtedness of the Commission payable from Revenues and secured by the pledge made under the Indenture equally and ratably with any Outstanding Notes and Parity Debt, is within every debt and other limit prescribed by the Constitution and statutes of the State and the Law, and that such certification and recital shall be in such form as is set forth in the form of the 2021 Series B Bond attached hereto as Exhibit A.

Section 35.03 Effect of Findings and Recital. From and after the issuance of the 2021 Series B Bonds, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2021 Series B Bonds is at issue.

ARTICLE XXXVI

AUTHORIZATION OF THE 2021 SERIES B BONDS

Section 36.01 Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture and the provisions of the Law, the 2021 Series B Bonds are hereby authorized in the aggregate principal amount of \$[____], issued as Parity Debt entitled to the benefit, protection and security of such provisions. Such 2021 Series B Bonds shall be designated as, and shall be distinguished from the Notes and Parity Debt of all other series by the title, “San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B.”

Section 36.02 Purpose and Application of Proceeds. The 2021 Series B Bonds are issued for the purpose of (i) financing, refinancing and/or reimbursing the Commission for its prior payment of costs of the Project, (ii) purchasing in connection with a tender offer the Purchased 2014 Bonds and (iii) paying Costs of Issuance of the 2021 Series B Bonds. The net proceeds from the sale of the 2021 Series B Bonds in the amount of \$[____] shall be received by the Trustee, and the Trustee shall deposit such funds as follows:

(a) \$[____] of the proceeds of the 2021 Series B Bonds shall be deposited in the 2021 Series B Bonds Project Fund;

(b) \$[____] of the proceeds of the 2021 Series B Bonds shall be deposited in the 2021 Series B Bonds Purchase Fund to be used for paying the purchase price of the Purchased 2014 Bonds; and

(c) \$[____] of the proceeds of the 2021 Series B Bonds shall be deposited in the 2021 Series B Bonds Costs of Issuance Account.

Section 36.03 Form, Denomination, Numbers and Letters. The 2021 Series B Bonds shall be issued as fully registered bonds without coupons in book-entry form and in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” prefixed to the number. Each maturity of the 2021 Series B Bonds and the

certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of the 2021 Series B Bonds and as the form of the certificate of authentication as such form shall be completed based on the terms of each 2021 Series B Bond set forth herein.

Section 36.04 Execution of 2021 Series B Bonds; Book Entry. The 2021 Series B Bonds shall be executed in the name and on behalf of the Commission by the facsimile or manual signature of the Chair of the Board of Directors of the Commission and attested by the facsimile or manual signature of the Chief Financial Officer of the Commission. For all purposes of Section 2.04 of the Indenture, the Chief Financial Officer of the Commission shall be deemed to be the Director of Finance of the Commission. The 2021 Series B Bonds shall be authenticated by the Trustee by the manual signature of an authorized officer.

If any of the officers who shall have signed any of the 2021 Series B Bonds or whose facsimile signature shall be upon the 2021 Series B Bonds shall cease to be such officer of the Commission before the 2021 Series B Bond so signed shall have been authenticated by the Trustee or delivered, such 2021 Series B Bonds nevertheless may be authenticated, issued and delivered with the same force and effect and shall be as binding on the Commission as though the person or persons who signed such 2021 Series B Bonds or whose facsimile signature shall be upon the 2021 Series B Bonds had not ceased to be such officer of the Commission; and any such 2021 Series B Bond may be signed on behalf of the Commission by those persons who, at the actual date of the execution of such 2021 Series B Bonds, shall be the proper officers of the Commission, although at the date of such 2021 Series B Bond any such person shall not have been such officer of the Commission. Only such of the 2021 Series B Bonds as shall bear thereon a certificate of authentication substantially in the form required in Exhibit A attached hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of authentication when manually executed by the Trustee shall be conclusive evidence that the 2021 Series B Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

The 2021 Series B Bonds shall be initially registered in the name of “Cede & Co.,” as nominee of the Depository and shall be evidenced by one note certificate. Registered ownership of the 2021 Series B Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 36.11, or in the event the use of the Depository is discontinued, in accordance with the provisions set forth in Section 36.06.

Section 36.05 Date, Maturities and Interest Rates.

(a) 2021 Series B Bonds. The 2021 Series B Bonds shall be dated their Issue Date. The 2021 Series B Bonds shall be issued in the aggregate principal amount of \$[____], and shall mature on the following dates and in the following amounts, subject to the right of prior redemption set forth in Section 37.01 and the requirement of mandatory sinking fund redemption set forth in Section 37.02(a), and shall bear interest at the following rates per annum:

Maturity Date	Principal Amount	Interest Rate
(April 1)		

[* 2021B Term Bond]

Each 2021 Series B Bond shall bear interest from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such 2021 Series B Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication. Each 2021 Series B Bond shall bear interest as provided herein to but excluding the date of payment in full of such 2021 Series B Bond, such interest to be computed on the basis of a 360-day year comprised of twelve (12) 30-day months. Interest shall accrue on the 2021 Series B Bonds from one Interest Payment Date to, but not including, the next Interest Payment Date.

Interest on each 2021 Series B Bond shall be payable on each Interest Payment Date for such 2021 Series B Bond until the principal sum of such 2021 Series B Bond has been paid; provided, however, that if at the Maturity Date any 2021 Series B Bond funds are available for the payment or redemption thereof, in full accordance with terms of the Indenture, such 2021 Series B Bond shall then cease to bear interest.

(b) Payment Provisions. Payment of the interest on any 2021 Series B Bond registered in the name of Cede & Co. or any other nominee shall be made in the manner and at the address indicated in or pursuant to the Letter of Representations delivered in connection with the 2021 Series B Bonds. In the event the use of the Depository is discontinued, the principal of each 2021 Series B Bond shall be payable in lawful money of the United States of America upon surrender thereof at the Corporate Trust Office of the Trustee, and the interest on each 2021 Series B Bond shall be payable in lawful money of the United States of America by the

Trustee to the Holder thereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Holder in immediately available funds (by wire transfer or by deposit to the account of the Holder if such account is maintained with the Trustee), according to the instructions given by such Holder to the Trustee or, in the event no such instructions have been given, by check mailed by first class mail to the Holder at such Holder's address as it appears as of the Record Date on the bond registration books kept by the Trustee.

Section 36.06 Transfer of 2021 Series B Bonds. Any 2021 Series B Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 36.08, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2021 Series B Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee.

Whenever any 2021 Series B Bond or 2021 Series B Bonds shall be surrendered for transfer, the Commission shall execute and the Trustee shall authenticate and deliver a new 2021 Series B Bond or 2021 Series B Bonds, of the same tenor and interest rate and a like aggregate principal amount; provided that, no registration of transfer may occur during the period established by the Trustee for selection of 2021 Series B Bonds for redemption, or of any 2021 Series B Bond or portion of a 2021 Series B Bond so selected for redemption. The Trustee shall require the Holder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Section 36.07 Exchange of 2021 Series B Bonds. The 2021 Series B Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of 2021 Series B Bonds of other authorized denominations of the same tenor and interest rate; provided that, unless otherwise provided in any Supplemental Indenture, no exchange may occur during the period established by the Trustee for selection of 2021 Series B Bonds for redemption, or of any 2021 Series B Bond or portion of a 2021 Series B Bond so selected for redemption. The Trustee shall require the Holder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Section 36.08 2021 Series B Bonds Register. The Trustee will keep or cause to be kept, at its Corporate Trust Office sufficient books for the registration and transfer of 2021 Series B Bonds, which shall at all times be open to inspection during normal business hours by the Commission upon reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, 2021 Series B Bonds as hereinbefore provided.

Section 36.09 Temporary 2021 Series B Bonds. The 2021 Series B Bonds may be issued in temporary form exchangeable for definitive 2021 Series B Bonds when ready for delivery. Any temporary 2021 Series B Bonds may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Commission, shall be in registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary 2021 Series B Bond may be in the form of a single 2021 Series B Bond payable in installments, each on the date, in the amount and at the rate of interest established for the 2021 Series B Bonds. Every temporary 2021 Series B Bond shall be executed by the Commission and authenticated by the Trustee upon the same conditions and in substantially the same manner as the

definitive 2021 Series B Bonds. If the Commission issues temporary 2021 Series B Bonds, the Commission will execute and deliver definitive 2021 Series B Bonds as promptly thereafter as practicable, and thereupon the temporary 2021 Series B Bonds may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary 2021 Series B Bonds an equal aggregate principal amount of definitive 2021 Series B Bonds of authorized denominations of the same tenor. Until so exchanged, the temporary 2021 Series B Bonds shall be entitled to the same benefits under this Indenture as definitive 2021 Series B Bonds authenticated and delivered hereunder.

Section 36.10 2021 Series B Bonds Mutilated; Lost; Destroyed or Stolen. If any 2021 Series B Bond shall become mutilated, the Commission, at the expense of the Holder of said 2021 Series B Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2021 Series B Bond of like tenor and interest rate in exchange and substitution for the 2021 Series B Bond so mutilated, but only upon surrender to the Trustee of the 2021 Series B Bond so mutilated. Every mutilated 2021 Series B Bond so surrendered to the Trustee shall be canceled by the Trustee and delivered to, or upon the Order of, the Commission. If any 2021 Series B Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Commission and to the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to both shall be given, the Commission, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2021 Series B Bond of like tenor and interest rate in lieu of and in substitution for the 2021 Series B Bond so lost, destroyed or stolen (or if any such 2021 Series B Bond shall have matured or shall have been called for redemption, instead of issuing a substitute 2021 Series B Bond, the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity). The Commission may require payment of a sum not exceeding the actual cost of preparing each new 2021 Series B Bond issued under this Section and of the expenses which may be incurred by the Commission and the Trustee in the premises. Any 2021 Series B Bond issued under the provisions of this Section in lieu of any 2021 Series B Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Commission whether or not the 2021 Series B Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Notes and Parity Debt secured by this Indenture. Neither the Commission nor the Trustee shall be required to treat both the original 2021 Series B Bond and any replacement 2021 Series B Bond as being Outstanding for the purpose of determining the principal amount of 2021 Series B Bonds which may be issued hereunder or for the purpose of determining any percentage of 2021 Series B Bonds Outstanding hereunder, but both the original and replacement 2021 Series B Bond shall be treated as one and the same.

Section 36.11 Use of Depository. Notwithstanding any provision of this Indenture to the contrary:

(a) The 2021 Series B Bonds shall be delivered and registered as provided in Sections 36.03 and 36.04. Registered ownership of the 2021 Series B Bonds, or any portion thereof, may not thereafter be transferred except:

(1) To any successor of the Depository or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) (each, a “substitute

depository”); provided that any successor of the Depository or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) To any substitute depository designated by the Commission upon (a) the resignation of the Depository or its successor (or any substitute depository or its successor) from its functions as depository or (b) a determination by the Commission that the Depository or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) To any Person as provided below, upon (a) the resignation of the Depository or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository can be obtained or (b) a determination by the Commission that it is in the best interests of the Commission to remove the Depository or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) above, upon receipt of the 2021 Series B Bonds by the Trustee, together with a Statement of the Commission to the Trustee, a single new 2021 Series B Bond for each 2021 Series B Bond then Outstanding shall be executed and delivered in the aggregate principal amount of the 2021 Series B Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Statement of the Commission. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding 2021 Series B Bonds by the Trustee together with the Statement of the Commission to the Trustee, new 2021 Series B Bonds shall be authorized and prepared by the Commission and authenticated and delivered by the Trustee in such authorized denominations and registered in the names of such Persons as are requested in such a Statement of the Commission, numbered in such manner as the Trustee shall determine, subject to the limitations of Sections 68.03 and 68.04.

(c) In the case of partial redemption or an advance refunding of any 2021 Series B Bonds evidencing all or a portion of such amount Outstanding, the Depository shall make an appropriate notation on such 2021 Series B Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(d) The Commission and the Trustee shall be entitled to treat the Person in whose name any 2021 Series B Bond is registered as the Holder thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Commission; and the Commission and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying or otherwise dealing with any Beneficial Owners of the 2021 Series B Bonds. Neither the Commission nor the Trustee will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including the Depository or its successor (or substitute depository or its successor), except for the Holder of any 2021 Series B Bond.

So long as the Outstanding 2021 Series B Bonds are registered in the name of Cede & Co. or its registered assign, the Commission and the Trustee shall cooperate with Cede & Co., as sole

registered Holder, and its registered assigns in effecting payment of the principal of, redemption premium, if any, purchase price and interest on the 2021 Series B Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

ARTICLE XXXVII

REDEMPTION OF THE 2021 SERIES B BONDS

Section 37.01 Optional Redemption of the 2021 Series B Bonds.

(a) Optional Redemption of the 2021 Series B Bonds. The 2021 Series B Bonds maturing on and after April 1, 20[] are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after April 1, 20[], as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

(b) Selection of 2021 Series B Bonds for Optional Redemption. The Commission shall designate which maturities of any 2021 Series B Bonds are to be called for optional redemption pursuant to Section 37.01(a). If less than all 2021 Series B Bonds maturing by their terms on any one date and bearing the same rate of interest are to be redeemed at any one time, the Trustee shall select the 2021 Series B Bonds of such maturity date and rate to be redeemed by lot and shall promptly notify the Commission in writing of the numbers of the 2021 Series B Bonds so selected for redemption. For purposes of such selection, 2021 Series B Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event 2021 Series B Bonds that are 2021B Term Bonds are designated for optional redemption, the Commission may designate the 2021B Mandatory Sinking Account Payments under Section 37.02(a) or portions thereof, that are to be reduced as allocated to such redemption.

(c) Sufficient Funds Required for Optional Redemption. Any optional redemption of 2021 Series B Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of Section 37.03 if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2021 Series B Bonds called for redemption.

Section 37.02 Mandatory Redemption of 2021 Series B Bonds From 2021B Mandatory Sinking Account Payments.

(a) Mandatory Redemption of 2021 Series B Bonds. The 2021 Series B Bonds maturing on April 1, 20[] are 2021B Term Bonds and are subject to mandatory redemption from 2021B Mandatory Sinking Account Payments for such 2021 Series B Bonds, on each April 1 on and after April 1, 20[], and in the principal amount equal to the 2021B Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

2021B Mandatory Sinking Account Payments for 2021 Series B Bonds maturing on April 1, 20[] shall be due in such amounts and on such dates as follows:

<i>Redemption Date</i> <i>(April 1)</i>	<i>2021B Mandatory Sinking</i> <i>Account Payment</i>

* Final Maturity

The 2021 Series B Bonds maturing on April 1, 20[] are 2021B Term Bonds and are subject to mandatory redemption from 2021B Mandatory Sinking Account Payments for such 2021 Series B Bonds, on each April 1 on and after April 1, 20[], and in the principal amount equal to the 2021B Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

2021B Mandatory Sinking Account Payments for 2021 Series B Bonds maturing on April 1, 20[] shall be due in such amounts and on such dates as follows:

<i>Redemption Date</i> <i>(April 1)</i>	<i>2021B Mandatory Sinking</i> <i>Account Payment</i>

* Final Maturity

(b) Selection of 2021 Series B Bonds for Mandatory Sinking Account Redemption. If less than all 2021 Series B Bonds maturing by their terms on any one date are to be redeemed at any one time with 2021B Mandatory Sinking Account Payments, the Trustee shall select the 2021 Series B Bonds of such maturity date to be redeemed by lot, and the Trustee shall promptly notify the Commission in writing of the numbers of the 2021 Series B Bonds so selected for redemption. For purposes of such selection, 2021 Series B Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

Section 37.03 Notice of Redemption of 2021 Series B Bonds. Each notice of redemption of 2021 Series B Bonds shall be mailed by the Trustee, not less than twenty (20) nor more than ninety (90) days prior to the redemption date, to each Holder of 2021 Series B Bonds and the

Municipal Securities Rulemaking Board made through the Electronic Municipal Market Access (EMMA) website of the MSRB (the “Repository”). A copy of such notice shall also be provided to each of the parties (each a “Notice Party” and collectively, the “Notice Parties”) with respect to the 2021 Series B Bonds set forth on Exhibit B hereto. Notice of redemption to the Holders of 2021 Series B Bonds, the Repository and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the 2021 Series B Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2021 Series B Bonds of such maturity, if any, to be redeemed and, in the case of 2021 Series B Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said 2021 Series B Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2021 Series B Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2021 Series B Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Commission nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any 2021 Series B Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Commission nor the Trustee shall be liable for any inaccuracy in such CUSIP numbers.

Failure by the Trustee to give notice to any Notice Party or the Repository or failure of any Holder, any Notice Party or the Repository to receive notice or any defect in any such notice shall not affect the sufficiency or validity of the proceedings for redemption.

With respect to any notice of optional redemption of 2021 Series B Bonds delivered pursuant to this Section, unless, upon the giving of such notice, such 2021 Series B Bonds shall be deemed to have been paid within the meaning of Article XLII hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such 2021 Series B Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and the Commission shall not be required to redeem such 2021 Series B Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given.

Any notice given pursuant to this Section may be rescinded by written notice given to the Trustee by the Commission and the Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to this Section.

In connection with any optional redemption of the 2021 Series B Bonds, the Commission shall give the Trustee written notice at least 30 days (or such lesser time period acceptable to the Trustee) before any date fixed for redemption, designating the maturity or maturities of the 2021 Series B Bonds to be redeemed, the portions thereof to be redeemed and the fact and date of such redemption. Any optional redemption of the 2021 Series B Bonds and notice thereof may be rescinded and cancelled as provided in Section 37.01(c) and this Section of the Indenture.

Section 37.04 Partial Redemption of Bonds. Upon surrender of any 2021 Series B Bond redeemed in part only, the Commission shall execute (but need not prepare) and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Commission, a new 2021 Series B Bond or 2021 Series B Bonds of authorized denominations, and of the same maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the 2021 Series B Bond surrendered.

Section 37.05 Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the 2021 Series B Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2021 Series B Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the redemption date, interest on the 2021 Series B Bonds so called for redemption shall cease to accrue, said 2021 Series B Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture and the Holders of said 2021 Series B Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment and such funds are hereby pledged to such payment. All 2021 Series B Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof.

ARTICLE XXXVIII

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 38.01 Funds and Accounts. The following funds and accounts are hereby established in connection with the 2021 Series B Bonds:

(a) To ensure the proper application of such portion of proceeds from the sale of the 2021 Series B Bonds to be applied to pay costs of the Project, there is hereby established the 2021 Series B Bonds Project Fund, such fund to be held by the Trustee.

(b) To ensure the proper application of such portion of proceeds from the sale of the 2021 Series B Bonds to be applied to pay Costs of Issuance of the 2021 Series B Bonds, there is hereby established the 2021 Series B Bonds Costs of Issuance Account, such account to be established within the 2021 Series B Bonds Project Fund and held by the Trustee.

(c) To ensure the proper application of such portion of proceeds from the sale of the 2021 Series B Bonds to be applied to pay the purchase price of the Purchased 2014 Bonds,

there is hereby established the 2021 Series B Bonds Purchase Fund, such fund to be held by the Trustee.

Section 38.02 2021 Series B Bonds Project Fund. The Trustee shall establish the 2021 Series B Bonds Project Fund. The monies set aside and placed within the 2021 Series B Bonds Project Fund shall remain therein until from time to time expended for the purpose of paying the Costs of the Project with respect to the 2021 Series B Bonds and shall not be used for any other purpose whatsoever.

(a) Before any payment from the 2021 Series B Bonds Project Fund shall be made by the Trustee, the Commission shall file or cause to be filed with the Trustee a Requisition of the Commission, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Commission and are presently due and payable and that each item thereof is a proper charge against the 2021 Series B Bonds Project Fund and has not been previously paid from said fund; and (vi) that there has not been filed with or served upon the Commission notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

(b) When the Commission determines that the portion of the Project to be financed with the proceeds of the 2021 Series B Bonds has been completed, a Certificate of the Commission shall be delivered to the Trustee by the Commission stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the 2021 Series B Bonds Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in the 2021 Series B Bonds Project Fund, less the amount of any such retention, to the Revenue Fund or, if so directed by the Commission, to the 2021 Series B Bonds Rebate Fund.

Section 38.03 2021 Series B Bonds Costs of Issuance Account. The Trustee shall establish the 2021 Series B Bonds Costs of Issuance Account. All money on deposit in the 2021 Series B Bonds Costs of Issuance Account shall be applied solely for the payment of authorized Costs of Issuance relating to the 2021 Series B Bonds. Before any payment from the 2021 Series B Bonds Costs of Issuance Account shall be made by the Trustee, the Commission shall file or cause to be filed with the Trustee a Requisition of the Commission, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Commission and are presently due and payable and that each item thereof is a proper charge against the 2021 Series B Bonds Costs of Issuance Account and has not been previously paid from said account.

Any amounts remaining in the 2021 Series B Bonds Costs of Issuance Account or any subaccount therein one hundred eighty (180) days after the Issue Date of the 2021 Series B Bonds shall be transferred to the 2021 Series B Bonds Project Fund and the 2021 Series B Bonds Costs of Issuance Account shall be closed.

Section 38.04 2021 Series B Bonds Purchase Fund. The Trustee shall establish the 2021 Series B Bonds Purchase Fund. The monies set aside and placed within the 2021 Series B Bonds Purchase Fund shall be applied solely to payment of the purchase price of the Purchased 2014 Bonds. [Specifically, each holder of the Purchased 2014 Bonds identified on Exhibit C hereto will deliver such Purchased 2014 Bonds to the Trustee via [DTC's DWAC] service. The Trustee will complete the purchase by paying the purchase prices of the Purchased 2014 Bonds from the 2021 Series B Bonds Purchase Fund according to the instructions described on Exhibit C hereto. The Commission shall direct the Bond Trustee to cancel such Purchased 2014 Bonds once the Bond Trustee has purchased the Purchased 2014 Bonds. At such time as the Purchased 2014 Bonds have been purchased and cancelled, or at such time as no funds remain in the 2021 Series B Bonds Purchase Fund, the Trustee may close and terminate the 2021 Series B Bonds Purchase Fund.]

Section 38.05 No Reserve Fund for 2021 Series B Bonds. No reserve is established with respect to the 2021 Series B Bonds.

ARTICLE XXXIX REVENUES

Section 39.01 Pledge of Revenues; Revenue Fund. In accordance with Section 5.01 of the Indenture, the 2021 Series B Bonds are limited obligations of the Commission and are payable as to both principal and interest exclusively from the Revenues and other funds pledged under the Indenture. The Commission hereby ratifies and confirms the pledge of the Indenture of all Revenues to secure the payment of the principal of and interest on the Notes and any Parity Debt, including the 2021 Series B Bonds, in accordance with their terms, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. The Commission hereby further pledges to secure the payment of the principal of and interest on the 2021 Series B Bonds, all amounts (including proceeds of the 2021 Series B Bonds) held by the Trustee hereunder (except for amounts held in the 2021 Series B Bonds Rebate Fund), subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein. Said pledge constitutes a first lien on the Revenues and amounts in such funds and shall be immediately valid and binding without any physical delivery thereof or further act. In accordance with Section 5.01 of the Indenture, the Commission hereby further ratifies and confirms the pledge of Revenues to the payment of Notes and Parity Debt, including, without limitation, the 2021 Series B Bonds and all amounts owed to each Bank pursuant to a Support Agreement, without priority or distinction of one over the other, and the Revenues constitute a trust fund for the security and payment of the Notes and Parity Debt, including, without limitation, the 2021 Series B Bonds and all amounts owed to each Bank pursuant to a Support Agreement; but nevertheless out of Revenues certain amounts may be applied for other purposes as provided in the Indenture.

Out of Revenues there shall be applied as set forth in the Indenture all sums required for the payment of the principal of and interest on the Notes and all Parity Debt, including without

limitation the 2021 Series B Bonds, together with any sinking fund payments of Parity Debt and reserve fund requirements with respect thereto, including without limitation the 2021B Mandatory Sinking Account Payments. The pledge of Revenues in the Indenture made shall be irrevocable until all of the Notes and all Parity Debt, including the 2021 Series B Bonds, are no longer outstanding.

Section 39.02 Allocation of Sales Tax Revenues.

(a) In accordance with Section 5.02 of the Indenture, so long as any 2021 Series B Bonds are Outstanding and all other amounts payable hereunder remain unpaid, the Trustee shall set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following respective funds (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Holders of the 2021 Series B Bonds) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to any outstanding Notes and Parity Debt as provided in the Indenture and the proceedings for such Parity Debt delivered to the Trustee pursuant to Section 3.03 of the Indenture (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the 2021 Series B Bonds and such Notes and Parity Debt):

(1) 2021 Series B Bonds Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the 2021 Series B Bonds Interest Fund as soon as practicable in such month an amount equal to one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the 2021 Series B Bonds during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the 2021 Series B Bonds Interest Fund from the proceeds of the 2021 Series B Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such 2021 Series B Bonds is on deposit in such fund; provided that from the date of delivery of the 2021 Series B Bonds until the first Interest Payment Date with respect to such 2021 Series B Bonds the amounts set aside in such fund with respect to such 2021 Series B Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date. No deposit need be made into the 2021 Series B Bonds Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Date falling within the next six (6) months upon the 2021 Series B Bonds then Outstanding and on April 1 of each year any excess amounts in the 2021 Series B Bonds Interest Fund not needed to pay interest on such date shall be transferred to the Commission.

(2) 2021 Series B Bonds Principal Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the 2021 Series B Bonds Principal Fund as soon as practicable in such month an amount equal to at least one-twelfth of the aggregate yearly amount of principal payments, including without limitation the 2021B Mandatory Sinking Account Payments, becoming due and payable on the 2021 Series B Bonds having annual maturity dates within the next twelve (12) months; provided that if the Commission certifies to the Trustee

that any principal payments are expected to be refunded, or constitute Excluded Principal Payments to be paid from sources of funds other than Revenues, on or prior to their respective due dates, no amounts need be set aside towards such principal to be so refunded or paid.

No deposit need be made into the 2021 Series B Bonds Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the principal payments, including without limitation the 2021B Mandatory Sinking Account Payments, of the 2021 Series B Bonds issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months; provided that if the Commission certifies to the Trustee that any principal payments are expected to be refunded, or constitute Excluded Principal Payments to be paid from sources of funds other than Revenues, on or prior to their respective due dates, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than April 1 of each year, the Trustee shall request from the Commission a Certificate of the Commission setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. On April 1 of each year or as soon as practicable thereafter any excess amounts in the 2021 Series B Bonds Principal Fund not needed to pay principal on such date shall be transferred to the Commission.

(b) If five (5) days prior to any Interest Payment Date the amounts on deposit in the 2021 Series B Bonds Interest Fund with respect to the payments to be made on such upcoming date from Revenues are insufficient to make such payments, the Trustee shall immediately notify the Commission, in writing, of such deficiency and direct that the Commission transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Commission hereby covenants and agrees to transfer to the Trustee from any Revenues in its possession the amount of such deficiency on or prior to the Interest Payment Date referenced in such notice.

(c) If fifteen (15) days prior to any principal payment date or date on which a 2021B Mandatory Sinking Account Payment is due the amounts on deposit in the 2021 Series B Bonds Principal Fund with respect to the payments to be made on such upcoming date from Revenues are insufficient to make such payments, the Trustee shall immediately notify the Commission, in writing, of such deficiency and direct that the Commission transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Commission hereby covenants and agrees to transfer to the Trustee from any Revenues in its possession the amount of such deficiency on or prior to the principal payment date referenced in such notice.

ARTICLE XL

COVENANTS OF THE COMMISSION

Section 40.01 Punctual Payment. The Commission will punctually pay or cause to be paid the principal of and interest on all the 2021 Series B Bonds, in strict conformity with the terms of the 2021 Series B Bonds and of this Indenture, according to the true intent and meaning thereof, but in each case only out of Revenues as provided in this Indenture.

Section 40.02 Extension of Payment of 2021 Series B Bonds. The Commission will not directly or indirectly extend or assent to the extension of the maturity of any of the 2021 Series B Bonds or the time of payment of any 2021 Series B Bonds or claims for interest by the purchase

or funding of such 2021 Series B Bonds or claims for interest or by any other arrangement and in case the maturity of any of the 2021 Series B Bonds or the time of payment of any such claims for interest shall be extended, such 2021 Series B Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the 2021 Series B Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Commission to issue debt for the purpose of refunding any Outstanding 2021 Series B Bonds, and such issuance shall not be deemed to constitute an extension of maturity of 2021 Series B Bonds.

Section 40.03 Waiver of Laws. The Commission will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the 2021 Series B Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Commission to the extent permitted by law.

Section 40.04 Further Assurances. The Commission will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the 2021 Series B Bonds of the rights and benefits provided in this Indenture.

Section 40.05 Against Encumbrances. The Commission will not create any pledge, lien or charge upon any of the Revenues having priority over or having parity with the lien of the 2021 Series B Bonds except only as permitted in Section 3.06.

Section 40.06 Accounting Records and Financial Statements. A copy of the financial statements prepared in accordance with Section 6.06 of the Indenture will be furnished to any owner of 2021 Series B Bonds upon written request to the Commission.

Section 40.07 2021 Series B Bonds Rebate Fund.

(a) Upon receipt of funds to be applied to the 2021 Series B Bonds Rebate Requirement, the Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the 2021 Series B Bonds Rebate Fund. Within the 2021 Series B Bonds Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of the 2021 Series B Bonds Tax Certificate as directed in writing by the Commission. Subject to the transfer provisions provided in paragraph (C) below, all money at any time deposited in the 2021 Series B Bonds Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the 2021 Series B Bonds Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor any Holder nor any other Person shall have any rights in or claim to such money. All amounts deposited into or on deposit in the 2021 Series B Bonds Rebate Fund shall be governed by this Third Supplement and by the 2021 Series B Bonds Tax Certificate. The Commission hereby covenants to comply with the directions contained in the 2021 Series B Bonds Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the Commission delivered to the Trustee pursuant to the 2021 Series B Bonds Tax Certificate (which

instructions shall state the actual amounts to be deposited in or withdrawn from the 2021 Series B Bonds Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this paragraph (A) if it follows such instructions of the Commission, and the Trustee shall have no liability or responsibility to enforce compliance by the Commission with the terms of the 2021 Series B Bonds Tax Certificate nor to make computations in connection therewith.

(b) Pursuant to the 2021 Series B Bonds Tax Certificate, an amount shall be deposited in the 2021 Series B Bonds Rebate Fund by the Commission so that the balance of the amount on deposit thereto shall be equal to the 2021 Series B Bonds Rebate Requirement. Computations of the 2021 Series B Bonds Rebate Requirement shall be furnished by or on behalf of the Commission to the Trustee in accordance with the 2021 Series B Bonds Tax Certificate.

(c) The Trustee shall invest all amounts held in the 2021 Series B Bonds Rebate Fund, pursuant to written instructions of the Commission, in Investment Securities, subject to the restrictions set forth in the 2021 Series B Bonds Tax Certificate. Money shall not be transferred from the 2021 Series B Bonds Rebate Fund except as provided in paragraph (D) below.

(d) Upon receipt of Rebate Instructions, the Trustee shall remit part or all of the balances in the 2021 Series B Bonds Rebate Fund to the United States of America, as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the 2021 Series B Bonds Rebate Fund from or into such accounts or funds as directed by the Rebate Instructions. Any funds remaining in the 2021 Series B Bonds Rebate Fund after redemption and payment of all of the 2021 Series B Bonds and payment and satisfaction of any 2021 Series B Bonds Rebate Requirement applicable to such 2021 Series B Bonds, shall be withdrawn and remitted to the Commission in accordance with a Request of the Commission.

(e) Notwithstanding any other provision of this Third Supplement, including in particular Article XLII hereof, the obligation to remit the 2021 Series B Bonds Rebate Requirement applicable to the 2021 Series B Bonds to the federal government of the United States of America and to comply with all other requirements of this Section and the 2021 Series B Bonds Tax Certificate shall survive the defeasance or payment in full of the 2021 Series B Bonds.

Section 40.08 Tax Covenants. The Commission covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the 2021 Series B Bonds under Section 103 of the Code. The Commission will not directly or indirectly use or permit the use of any proceeds of the 2021 Series B Bonds or any other funds of the Commission, or take or omit to take any action that would cause the 2021 Series B Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. To that end, The Commission will comply with the provisions and procedures of the 2021 Series B Bonds Tax Certificate. In the event that at any time the Commission is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Third Supplement, the Commission shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the Commission agrees that there shall be paid from time to time all amounts required to be rebated to the federal government of the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the 2021 Series B Bonds from time to time. The Commission specifically covenants to pay or cause to be paid to the federal government of the United States of America the 2021 Series B Bonds Rebate Requirement with respect to the 2021 Series B Bonds at the times and in the amounts determined under and as described in the 2021 Series B Bonds Tax Certificate.

Notwithstanding any provision of this Section 40.08, Section 40.07 and the 2021 Series B Bonds Tax Certificate, if the Commission shall receive an Opinion of Bond Counsel to the effect that any action required under this Section 40.08, Section 40.07 or the 2021 Series B Bonds Tax Certificate is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the 2021 Series B Bonds pursuant to Section 103 of the Code, the Commission and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

Notwithstanding any provisions of this Third Supplement, including particularly Article XLII, the covenants and obligations set forth in this Section shall survive the defeasance of the 2021 Series B Bonds.

Section 40.09 Continuing Disclosure. The Commission covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, dated the date of issuance of the 2021 Series B Bonds, executed by the Commission. Notwithstanding any other provision of the Indenture, failure of the Commission to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Holders of at least twenty-five (25%) aggregate principal amount of the 2021 Series B Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Section.

ARTICLE XLI

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

Section 41.01 Events of Default. The following events shall be Events of Default:

- (a) any Event of Default as defined in Section 7.01 of the Indenture;
- (b) default in the due and punctual payment of the principal of any 2021 Series B Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(c) default in the due and punctual payment of any installment of interest on any 2021 Series B Bond when and as such interest installment shall become due and payable;

(d) if the Commission shall fail to observe or perform any covenant, condition, agreement or provision in this Third Supplement on its part to be observed or performed, other than as referred to in subsection (b) or (c) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Commission by the Trustee; except that, if such failure can be remedied but not within such sixty (60) day period and if the Commission has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Commission shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

Section 41.02 Trustee to Represent Holders. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2021 Series B Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the 2021 Series B Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2021 Series B Bonds, the Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Holders, the provisions of Section 7.04 of the Indenture shall govern, and all rights of action under this Third Supplement or the 2021 Series B Bonds or otherwise may be prosecuted and enforced by the Trustee as provided therein.

Section 41.03 Holders' Direction of Proceedings. Holders' may direct of the method of conducting all remedial proceedings taken by the Trustee hereunder as provided in Section 7.06 of the Indenture.

Section 41.04 Limitation on Holders' Right to Sue. No Owner of any 2021 Series B Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Law or any other applicable law with respect to such 2021 Series B Bond, except as provided in Section 7.07 of the Indenture.

Section 41.05 Absolute Obligation of the Commission. Nothing in this Section or in any other provision of this Third Supplement, or in the 2021 Series B Bonds, contained shall affect or impair the obligation of the Commission, which is absolute and unconditional, to pay the principal of and interest on the 2021 Series B Bonds to the respective Owners of the 2021 Series B Bonds at their respective dates of maturity, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2021 Series B Bonds.

Section 41.06 Termination of Proceedings. As provided in Section 7.09 of the Indenture, in case any proceedings taken by the Trustee or any one or more Holders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Holders, then in every such case the Commission, the Trustee and the Holders, subject to any determination in such proceedings, shall be restored to

their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Commission, the Trustee and the Holders shall continue as though no such proceedings had been taken.

Section 41.07 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2021 Series B Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 41.08 No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2021 Series B Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Third Supplement to the Trustee or to the Owners of the 2021 Series B Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE XLII DEFEASANCE

Section 42.01 Discharge of Third Supplement. The 2021 Series B Bonds or a portion thereof may be paid by the Commission in any of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Outstanding 2021 Series B Bonds, as and when they become due and payable;
- (b) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03 of the Indenture) to pay or redeem such Outstanding 2021 Series B Bonds; or
- (c) by delivering to the Trustee, for cancellation by it, such Outstanding 2021 Series B Bonds.

If the Commission shall pay all 2021 Series B Bonds Outstanding and also pay or cause to be paid all other sums payable hereunder by the Commission, then and in that case, at the election of the Commission (evidenced by a Certificate of the Commission, filed with the Trustee, signifying the intention of the Commission to discharge all such indebtedness and this Third Supplement), and notwithstanding that any 2021 Series B Bonds shall not have been surrendered for payment, this Third Supplement and the pledge of Sales Tax Revenues and other assets made under this Third Supplement and all covenants, agreements and other obligations of the Commission under this Third Supplement shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Commission, the Trustee shall cause an accounting for such period or periods as may be requested by the Commission to be prepared and filed with the Commission and shall execute and deliver to the Commission all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Commission all moneys or securities or other property held by it pursuant to this Third Supplement which, as evidenced by a verification

report, upon which the Trustee may conclusively rely, from an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm, are not required for the payment or redemption of 2021 Series B Bonds not theretofore surrendered for such payment or redemption.

Section 42.02 Discharge of Liability on 2021 Series B Bonds. All liability of the Commission in respect of any Outstanding 2021 Series B Bond may cease, terminate and be completely discharged as provided in, and subject to the terms of, Section 10.02 of the Indenture.

Section 42.03 Deposit of Money or Securities. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust money or securities in the necessary amount to pay or redeem any 2021 Series B Bonds, the money or securities so to be shall be deposited and held pursuant to the terms of Section 10.03 of the Indenture:

Section 42.04 Payment of 2021 Series B Bonds After Discharge of Third Supplement. Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any 2021 Series B Bond, including any interest earnings thereon, shall be held or transferred pursuant to the terms of Section 10.04 of the Indenture.

ARTICLE XLIII MISCELLANEOUS

Section 43.01 Terms of the 2021 Series B Bonds Subject to the Indenture. Except as in this Third Supplement expressly provided, every term and condition contained in the Indenture shall apply to this Third Supplement and to the 2021 Series B Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Third Supplement.

This Third Supplement and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section 43.02 Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Third Supplement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Third Supplement, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Third Supplement and the 2021 Series B Bonds issued pursuant hereto shall remain valid, and the Holders of the 2021 Series B Bonds shall retain all valid rights and benefits accorded to them under this Indenture, the Act, and the Constitution and statutes of the State.

Section 43.03 Parties Interested Herein. Nothing in this Third Supplement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Commission, the Trustee and the Holders of the 2021 Series B Bonds, any right, remedy or claim under or by reason of this Third Supplement or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Third Supplement

contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Commission, the Trustee and the Holders of the 2021 Series B Bonds.

Section 43.04 Headings Not Binding. The headings in this Third Supplement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Third Supplement.

Section 43.05 Notice Addresses. Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, addressed to the Notice Address for the appropriate party or parties as provided in Exhibit B hereto. Any such entity by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses. Any such communication may also be sent by electronic means, receipt of which shall be confirmed.

Section 43.06 Notices to Rating Agencies. The Trustee shall provide notice to the Rating Agencies of the following events with respect to the 2021 Series B Bonds:

- (1) Change in Trustee;
- (2) Amendments to the Indenture; and
- (3) Redemption or defeasance of any 2021 Series B Bonds.

Section 43.07 Indenture to Remain in Effect. Save and except as amended and supplemented by this Third Supplement, the Indenture, as heretofore supplemented by the First Supplement and the Second Supplement, shall remain in full force and effect.

Section 43.08 Effective Date of Third Supplement. This Third Supplement shall take effect upon its execution and delivery.

Section 43.09 Execution in Counterparts. This Third Supplement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 43.10 [Electronic Signature] Each of the parties hereto agrees that the transaction consisting of this Third Supplement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Third Supplement using an electronic signature, it is signing, adopting, and accepting this Third Supplement and that signing this Third Supplement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Third Supplement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Third Supplement in a usable format.]

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

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Executive Director

ATTEST:

Clerk

APPROVED AS TO FORM:

General Counsel

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2021 SERIES B BOND

No. R-- _____ **\$** _____

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE BOND
(LIMITED TAX BOND)
2021 SERIES B**

INTEREST RATE _____ %	MATURITY April 1, 20__	ISSUE DATE _____, 2021	CUSIP 797400 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly organized and existing under the laws of the State of California (the “Commission”), for value received, hereby promises to pay (but solely from Revenues as hereinafter referred to) in lawful money of the United States of America, to the registered Holder or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the Interest Rate set forth above payable on each April 1 and October 1, commencing October 1, 2021 (each, an “Interest Payment Date”). The principal of and premium, if any, on this bond are payable to the registered Holder hereof upon presentation and surrender of this bond at the Corporate Trust Office, in St. Paul, Minnesota or at such other Corporate Trust Office hereinafter designated for the presentation place of bonds for payment, of U.S. Bank National Association, as trustee (together with any successor as trustee under the hereinafter defined Indenture, the “Trustee”). Interest on this bond shall be paid by check drawn upon the Trustee and mailed on the applicable Interest Payment Date to the registered Holder hereof as of the close of business on the Record Date at such registered Holder’s address as it appears on the 2021 Series B Bond register. As used herein, “Record Date” means the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

This 2021 Series B Bond is one of a duly authorized issue of bonds of the Commission, designated as “San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds)” (the “Bonds”), of the series designated above, all of which are being issued pursuant to the provisions of the San Diego County Regional Transportation Commission Act constituting Chapter 2 of Division 12.7 of the California Public Utilities Code (the “Act”), and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said Act, and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the California Government Code (collectively, and together with the Act, the “Law”), and an Indenture, dated as of April 1, 2018 (Amending and Restating the Subordinate Indenture, dated as

of August 1, 1991, as previously amended and restated by the Amended and Restated Subordinate Indenture, dated as of November 1, 2005, as further supplemented and amended), as amended and supplemented, including as supplemented by a Third Supplement, dated as of [_____] 1, 2021 (the “Third Supplement”), each between the Commission and the Trustee, hereinafter referred to collectively as the “Indenture.” Said authorized issue of Bonds is not limited in aggregate principal amount and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture provided. In addition, the Indenture also provides that the Commission may issue commercial paper notes and incur other indebtedness having an equal lien and charge upon the Revenues and therefore payable on a parity with the Bonds (“Parity Debt”) under the terms and conditions set forth in the Indenture. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Indenture.

THIS BOND IS A LIMITED TAX BOND OBLIGATION OF THE COMMISSION PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE AND THE COMMISSION IS NOT OBLIGATED TO PAY THIS BOND EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THIS BOND DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE COMMISSION, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED HEREIN) OF THE COMMISSION IS NOT PLEDGED, FOR THE PAYMENT OF THE BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Reference is hereby made to the Indenture and the Law for a description of the terms on which the Bonds an Parity Debt are issued and to be issued, the provisions with regard to the nature and extent of the pledge of certain proceeds derived by the Commission from the retail transactions and use tax levied pursuant to the Law (as more particularly defined in the Indenture, the “Revenues”) and the rights of the registered owners of Parity Debt and the registered Holders of the Bonds and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the Commission and the registered Holder from time to time of this Bond, and to all the provisions thereof the registered Holder of this Bond, by its acceptance hereof, consents and agrees. Parity Debt may be issued and other indebtedness may be incurred on a parity with the Bonds, but only subject to the conditions and limitations contained in the Indenture.

This Bond and the interest thereon (to the extent set forth in the Indenture), together with any Parity Debt heretofore or hereafter issued by the Commission, and the interest thereon, are payable from, and are secured by a charge and lien on the Revenues. All of the Bonds and Parity Debt are equally secured by a pledge of, and charge and lien upon, all of the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of

the Bonds; but nevertheless out of Revenues certain amounts may be applied for other purposes, as provided in the Indenture.

This Bond is deliverable in the form of a fully registered Bond in denominations of \$5,000 and any multiple thereof (such denominations being referred to herein as “Authorized Denominations”).

Optional and Mandatory Redemption Provisions

The Bonds of the series of which this Bond is a part shall be subject to optional and mandatory redemption as specified in the Indenture.

Amendments and Modifications

The rights and obligations of the Commission and of the Beneficial Owners and registered Holders of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Holders of the Bonds.

Transfer and Exchange Provisions

This Bond is transferable or exchangeable as provided in the Indenture, only upon the bond registration books maintained by the Trustee, by the registered Holder hereof, or by his or her duly authorized attorney, upon surrender of this Bond at the Corporate Trust Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his or her duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, upon payment of any charges therein prescribed.

Persons Deemed Holders

The person in whose name this Bond is registered shall be deemed and regarded as the absolute Holder hereof for all purposes, including receiving payment of, or on account of, the principal hereof and any redemption premium and interest due hereon.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Law, and that this Bond, together with all other indebtedness of the Commission payable out of Revenue, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and the Law.

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

IN WITNESS WHEREOF the San Diego County Regional Transportation Commission has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its duly authorized representatives all as of the Issue Date set forth above.

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Chair of the Board of Directors

Attest:

Chief Financial Officer

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the 2021 Series B Bonds described in the within mentioned Indenture and was authenticated on the date set forth below.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

[DTC LEGEND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

DRAFT

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
TAX IDENTIFICATION NUMBER OF ASSIGNEE

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoint

to transfer the within Bond on the books kept for registration thereof with full power of
substitution in the premises.

Dated:

Signature:

(Signature of Assignor)

Notice: The signature on this assignment must correspond with the name of the registered Holder as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

Notice: Signature must be guaranteed by an eligible guarantor firm.

EXHIBIT B

NOTICE ADDRESSES

To the Commission:

San Diego Association of Governments
401 B Street, Suite 800
San Diego, California 92101
Attention: Director of Finance
Telephone: (619) 699-6931
Facsimile: (619) 699-4890

To the Rating Agencies:

Standard & Poor's Ratings Services
55 Water Street, 38th Floor
New York, New York 10041
Telephone: (212) 438-2000
Facsimile: (212) 438-2157

Fitch Ratings
33 Whitehall Street
New York, New York 10004
Attention: Public Finance Department

To the Trustee:

U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Division
Telephone: (213) 615-6023
Facsimile: (213) 615-6197

EXHIBIT C

PURCHASED 2014 BONDS & WIRE INSTRUCTIONS

Purchased 2014 Bonds

Holder	Description	CUSIP	Par Amount	Purchase Price (\$)

Wire Instructions

DRAFT

\$ _____
**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2021 SERIES A (FEDERALLY TAXABLE)**

BOND PURCHASE AGREEMENT

_____, 2021

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101

Ladies and Gentlemen:

Wells Fargo Bank, National Association (the “Representative”), acting on behalf of itself and BOFA Securities, Inc., Jefferies LLC and Morgan Stanley & Co. LLC (collectively the “Underwriters”), hereby offers to enter into this Bond Purchase Agreement with the San Diego County Regional Transportation Commission (the “Commission”), which, upon the Commission’s acceptance hereof, will be binding upon the Commission and the Underwriters. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Commission and the delivery of such acceptance to the Representative or its attorney at or prior to 6:00 p.m., Pacific time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Commission at any time prior to the acceptance hereof by the Commission.

The Representative represents and warrants to the Commission that it has been duly authorized to enter into this Bond Purchase Agreement and to act hereunder by and on behalf of the Underwriters.

1. Definitions. All capitalized terms not defined herein shall have the meanings ascribed to them in the Indenture, as defined below. Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“Bond Purchase Agreement” shall mean this Bond Purchase Agreement.

“Bond Resolution” shall mean Resolution No. RTC-2021-____ adopted by the Commission on _____, 2021.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Commission is legally authorized to close.

“Closing Date” shall have the meaning given such term in Section 7 hereof.

“Closing Time” shall mean the time at which payment for and delivery of the 2021 Series A Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement dated [____], 2021.

“County” shall mean the County of San Diego, California.

“Eleventh Supplemental Indenture” shall mean the Eleventh Supplemental Indenture, dated as of [____], 2021, between the Commission and U.S. Bank National Association, as Trustee, as amended or supplemented.

“End Date” shall have the meaning set forth in Section 2 hereof.

“Escrow Agreement” shall mean the Escrow Agreement, dated as of [____], 2021, between the Commission and the Escrow Agent, providing for the refunding of the 2014 Series A (the “2014A Escrow Agreement”).

“Indenture” shall mean the Indenture, dated as of March 1, 2008, between the Commission and the Trustee, as amended or supplemented, including as supplemented by the Eleventh Supplemental Indenture.

“Legal Documents” shall mean the Indenture, the Continuing Disclosure Agreement and the 2014A Escrow Agreement.

“Official Statement” shall mean the Official Statement of the Commission, dated [____], 2021, relating to the 2021 Series A Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Preliminary Official Statement” shall mean the Preliminary Official Statement of the Commission, dated [____], 2021, relating to the 2021 Series A Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Rule 15c2-12” shall mean Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“Sales Tax” shall mean the 1/2 of 1% retail transactions and use tax imposed by the Commission and approved by the electors of the County at an election held November 3, 1987 and extended by the electors of the County at an election held November 2, 2004.

“State” shall mean the State of California.

“2021 Series A Bonds” shall mean \$_____ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable).

2. Use and Preparation of Official Statement; Continuing Disclosure Agreement.

The Commission has heretofore delivered to the Underwriters copies of the Preliminary Official Statement, which the Commission has deemed final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Commission shall prepare and deliver to the Underwriters, a final Official Statement, provided for distribution at the expense of the Commission, in such quantity as may be requested by the Underwriter(s) no later than the earlier of (i) seven (7) business days after the date of this Bond Purchase Agreement or (ii) one (1) business day prior to the Closing Date, in order to permit the Underwriter(s) to comply with Rule 15c2-12 of the Securities and Exchange Commission ("SEC"), and the applicable rules of the Municipal Securities Rulemaking Board (the "MSRB"), with respect to distribution of the Official Statement. The Commission shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter(s) no later than one (1) business day prior to the Closing Date to enable the Underwriter(s) to comply with MSRB Rule G-32. The Commission hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use and distribute the Official Statement and all information contained therein in connection with the public offering and sale of the 2021 Series A Bonds. The Representative agrees to promptly file a copy of the Official Statement, including any supplements prepared by the Commission, with the MSRB on its Electronic Municipal Markets Access ("EMMA") system. The Commission shall deliver sufficient copies of the Official Statement to enable the Underwriters to distribute a single copy to any potential customer of the Underwriters requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on a date referred to herein as the "End Date," which is the date when the Official Statement becomes available through EMMA, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the Commission may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Underwriters. In any event, the Underwriters shall promptly notify the Commission of the end of the underwriting period.

The Commission further agrees to provide the Underwriter(s) with the advance refunding documents (as defined in MSRB Rule G-32) in a word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide such electronic copy of the word-searchable PDF format of the advance refunding documents to the Underwriter(s) no later than four (4) business days after the Closing Date to enable the Underwriter(s) to comply with MSRB Rule G-32.

The Commission will undertake pursuant to a Continuing Disclosure Agreement, to be dated as of the date of issuance of the 2021 Series A Bonds, to provide certain annual financial and operating information and certain material event notices. A description of this undertaking is set forth in the Official Statement.

3. Purchase and Sale of the 2021 Series A Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Commission the 2021 Series A Bonds for offering to the public, and the Commission hereby agrees to sell to the Underwriters, all (but not less than all) of the \$_____ aggregate principal amount of the 2021 Series A Bonds at an aggregate purchase price of \$_____ (the “Purchase Price”), representing the aggregate principal amount of the 2021 Series A Bonds, less an underwriters’ discount of \$_____.

4. The 2021 Series A Bonds. The principal amounts, maturity dates, interest rates and prices with respect to the 2021 Series A Bonds shall be as described in the Official Statement and in Appendix A hereto.

5. Public Offering of the 2021 Series A Bonds. Except as otherwise disclosed and agreed to by the Commission, the Underwriters agree to make a bona fide public offering of the 2021 Series A Bonds at the initial public offering price or prices set forth on the inside cover page of the Official Statement and in Appendix A hereto; provided, however, the Underwriters reserve the right to change the offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the 2021 Series A Bonds, and to sell the 2021 Series A Bonds to certain dealers (including dealers depositing the 2021 Series A Bonds into investment trusts) and others at prices lower than the initial offering prices set forth in the Official Statement. A “bona fide public offering” shall include an offering to institutional investors or registered investment companies, regardless of the number of such investors to which the 2021 Series A Bonds are sold.

6. Use of Documents. The Commission hereby authorizes the Underwriters to use, in connection with the public offering and sale of the 2021 Series A Bonds, this Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The Closing Time shall be no later than 10:00 a.m., Pacific time, on _____, 2021, or at such other time or on such later date as shall have been mutually agreed upon by the Commission and the Representative (the “Closing Date”). At the Closing Time, the Commission will deliver or cause to be delivered the 2021 Series A Bonds to the Underwriters through The Depository Trust Company (“DTC”) in definitive or temporary form, duly executed by the Commission, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The 2021 Series A Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the 2021 Series A Bonds, but neither the failure to print such numbers on the 2021 Series A Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the 2021 Series A Bonds in accordance with the terms of this Bond Purchase Agreement.

Delivery of the 2021 Series A Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set

forth in Section 9 hereof, shall take place at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, or at such other place as shall have been mutually agreed upon by the Commission and the Representative.

8. Representations, Warranties and Agreements of the Commission. The Commission hereby represents, warrants and agrees with the Underwriters that:

(a) The Commission has been duly created and is validly existing under the laws of the State and has the power to issue the 2021 Series A Bonds pursuant to the Act, the Bond Resolution and the Legal Documents.

(b) The Commission has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the Sales Tax, to adopt the Bond Resolution, to enter into the Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the 2021 Series A Bonds to the Underwriters as provided herein; the Commission has full legal right, power and authority to perform its obligations under the Bond Resolution, the 2021 Series A Bonds, the Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Commission has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, the Ordinance and laws of the State, and the terms of the Bond Resolution, the 2021 Series A Bonds, the Legal Documents and this Bond Purchase Agreement.

(c) Except as described in the Preliminary Official Statement and the Official Statement, by all necessary official action, the Commission has duly adopted the Ordinance, which was approved by a majority of the voters in the County on November 3, 1987 and extended by more than a two-thirds vote of the voters in the County voting on such extension on November 2, 2004.

(d) By all necessary official action, the Commission has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the 2021 Series A Bonds, this Bond Purchase Agreement and the Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Bond Resolution, and the Legal Documents. When executed and delivered by their respective parties, the Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The 2021 Series A Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriters as provided herein, will constitute legal, valid and binding obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(f) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the 2021 Series A Bonds and the execution, delivery of and performance of the Legal Documents by the Commission have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the 2021 Series A Bonds, as to which no representation is made).

(g) Except as described in the Preliminary Official Statement and the Official Statement, the Commission is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Commission is a party or to which the Commission or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and the Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the 2021 Series A Bonds and the execution and delivery of this Bond Purchase Agreement and the Legal Documents and compliance with the Commission's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Commission is a party or to which the Commission or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Commission or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Legal Documents.

(h) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Commission's knowledge, threatened against the Commission: (i) in any way affecting the existence of the Commission or in any way challenging the respective powers of the several offices or the titles of the officials of the Commission to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the 2021 Series A Bonds, the application of the proceeds of the sale of the 2021 Series A Bonds, the proceedings

authorizing and approving the Sales Tax, the levy or collection of the Sales Tax; (iii) in any way contesting or affecting, as to the Commission, the validity or enforceability of the Act, the proceedings authorizing the Sales Tax, the Bond Resolution, the 2021 Series A Bonds, the Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Commission or its authority with respect to issuance or delivery of the 2021 Series A Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Legal Documents or this Bond Purchase Agreement, or contesting the power or authority to levy the Sales Tax; (v) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vi) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Commission to perform and satisfy its obligations under this Bond Purchase Agreement, the Legal Documents or the 2021 Series A Bonds; nor to the best of the Commission's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the proceedings authorizing the Sales Tax, the Bond Resolution, the Legal Documents or this Bond Purchase Agreement or the performance by the Commission of its obligations thereunder, or the authorization, execution, delivery or performance by the Commission of the 2021 Series A Bonds, the Bond Resolution, the Legal Documents or this Bond Purchase Agreement.

(i) Between the date hereof and the Closing Time, the Commission will not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Commission or relating to the Project or except for such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement.

(j) The Commission will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriters as the Underwriters may reasonably request in order (i) to qualify the 2021 Series A Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate and (ii) to determine the eligibility of the 2021 Series A Bonds for investment under the laws of such states and other jurisdictions; and the Commission will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the 2021 Series A Bonds; provided, however, that in no event shall the Commission be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriters of receipt by the Commission of any written notification with regard to the suspension of the qualification of the 2021 Series A Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(k) The Commission has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the 2021 Series A Bonds as provided in and subject to all of the terms and provisions of the Act, the Ordinance, the Bond Resolution and the Indenture.

(l) The 2021 Series A Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement (other than the information as to principal amounts, interest rates, redemption provisions and other information subject to change) and the Official Statement under the captions “DESCRIPTION OF THE SERIES 2021 BONDS” and Appendix C-1 — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE”; the proceeds of the 2021 Series A Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION — Plan of Finance” and “FINANCING PLAN”; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(m) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12) and certain terms of the Bonds left blank or marked preliminary subject to change, as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the captions “IMPORTANT INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES,” “UNDERWRITING,” “RELATIONSHIP OF CERTAIN PARTIES,” and in Appendix E—“CLEARING SYSTEMS,” and all information concerning the book-entry system, Euroclear, Clearstream, clearance and settlement procedures, secondary market trading, and sales, trade and settlement outside of the United States (collectively, the “Excluded Information”) as to which no representations or warranties are made and the information in Appendix C-1, which is correct in all material respects).

(n) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement (excluding therefrom the Excluded Information as to which no representations or warranties are made and the information in Appendix C-1, which is correct in all material respects) did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(o) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(p) The Commission shall not amend or supplement the Official Statement without the prior written consent of the Representative, which shall not be unreasonably withheld. If between the date hereof and the Closing Time, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements

therein, in the light of the circumstances under which they were made, not misleading, the Commission shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Commission shall forthwith prepare and furnish (at the expense of the Commission) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

(q) Except as described in the Preliminary Official Statement and the Official Statement, and except for a pledge of Revenues or other funds, in connection with (i) a loan obtained by the Commission under the Transportation Infrastructure Finance and Innovation Act or (ii) a new or extended credit or liquidity facility supporting the Commission's commercial paper notes, the Commission has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Indenture.

(r) The Commission is not in default in any material respect on any bond, note or other obligation for borrowed money or under any agreement under which any such obligation is outstanding, and at no time has defaulted in any material respect on any payment obligation with respect to such outstanding bonds, notes or other obligations for borrowed money.

(s) The financial statements of, and other financial information regarding, the Commission in the Preliminary Official Statement and the Official Statement relating to the receipts, expenditures and cash balances of Revenues by the Commission as of June 30, 2020 fairly represent the receipts, expenditures and cash balances of such amounts and, insofar as presented, other funds of the Commission as of the dates and for the periods therein set forth. The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles consistently applied. Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Commission or in its operations since June 30, 2020 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(t) Prior to the Closing Time, the Commission will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Commission.

(u) Upon the delivery of the 2021 Series A Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture, together with all outstanding Parity Obligations, will not in combination with all other outstanding debt obligations of the Commission exceed any limitation imposed by law or by the Indenture or by Section 132309(b) of the Public Utilities Code of the State of California.

(v) The sum of the principal of and interest on the 2021 Series A Bonds, together with all outstanding Parity Obligations and all other outstanding debt obligations of the

Commission, does not exceed the estimated proceeds of the retail transactions and use tax for the period for which the retail transactions and use tax is to be imposed by the Commission.

(w) Except as otherwise set forth in the Preliminary Official Statement and the Official Statement, the Commission has complied in all material respects during the previous five years with all previous undertakings required pursuant to Rule 15c2-12.

(x) Any certificate, signed by any official of the Commission authorized to do so in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Commission to the Underwriters as to the statements made therein.

9. Conditions to the Underwriters' Obligations. The Representative has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and obligations of the Commission contained herein and upon the documents and instruments to be delivered at the Closing Time. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the Commission contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Commission official or officials dated the Closing Date, and the Commission shall be in compliance with each of the agreements and covenants made by it in this Bond Purchase Agreement;

(b) (i) At the Closing Time, the Act, the Bond Resolution and the Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Commission and the Representative, and (ii) the Commission shall perform or have performed all of its obligations required under or specified in the Act, the Bond Resolution, the Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Commission relating to this Bond Purchase Agreement, the Legal Documents, the Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Commission, the Act, the Ordinance, the Sales Tax, the Revenues, or the 2021 Series A Bonds as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the 2021 Series A Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, the California Department of Tax and Fee Administration ("CDTFA") shall not have suspended or

advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof, and the General Counsel to the Commission, shall not have advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof other than as disclosed in the Preliminary Official Statement and the Official Statement;

(f) At or prior to the Closing Date, the Representative shall receive copies of each of the following documents:

(1) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Commission by its Executive Director.

(2) An approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, dated the Closing Date, as to the validity of the 2021 Series A Bonds, the exclusion of interest on the 2021 Series A Bonds from State income taxation, addressed to the Commission substantially in the form attached as Appendix F to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriters.

(3) A supplemental opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, addressed to the Underwriters, to the effect that:

(i) The Bond Purchase Agreement has been duly executed and delivered by the Commission and is valid and binding upon the Commission, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(ii) The statements contained in the Official Statement in the sections entitled "DESCRIPTION OF THE SERIES 2021 BONDS" (other than the information concerning DTC and the book-entry system), "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS," "TAX MATTERS" and Appendix C-1 — "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Indenture, the 2021 Series A Bonds, and the form and content of such counsel's opinion attached as Appendix F to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

(iii) The 2021 Series A Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(4) A letter, dated the Closing Date and addressed to the Commission and the Underwriters, from Norton Rose Fulbright US LLP, Disclosure Counsel, substantially in the form attached as Appendix B hereto.

(5) The opinion of Nixon Peabody LLP, Underwriters' Counsel, addressed to the Underwriters, in form and substance acceptable to the Underwriters, covering such items as the Representative may request.

(6) The opinion of the General Counsel to the Commission, dated the Closing Date, addressed to the Underwriters and the Trustee, to the effect that:

(i) The Commission has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the 2021 Series A Bonds; (d) to cause the Sales Tax to be levied and collected as described in the Preliminary Official Statement and the Official Statement; (e) to pledge the Revenues as contemplated by the Legal Documents; and (f) to carry on its activities as currently conducted;

(ii) The Commission has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Commission has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Legal Documents and the 2021 Series A Bonds;

(iii) the Bond Resolution was duly adopted by at least a two-thirds vote of all the voting members of the Board of Directors of the Commission at a meeting of the governing body of the Commission which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Bond Resolution;

(iv) the adoption of the Bond Resolution, the execution and delivery by the Commission of the Bond Purchase Agreement, the Legal Documents and the 2021 Series A Bonds and the compliance with the provisions of the Bond Purchase Agreement, the Legal Documents and the 2021 Series A Bonds, to the best of such counsel's knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the Commission a material breach of or default under any agreement or instrument to which the Commission is a party or by which it is bound;

(v) the 2021 Series A Bonds, the Legal Documents and the Bond Purchase Agreement constitute binding and legal obligations of the Commission and are enforceable according to the terms thereof, except as

enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) no litigation is pending with service of process completed or, to the best of such counsel's knowledge after due inquiry, threatened against the Commission in any court in any way affecting the titles of the officials of the Commission to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2021 Series A Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the 2021 Series A Bonds, or in any way contesting or affecting the validity or enforceability of the 2021 Series A Bonds, the Bond Resolution, the Legal Documents or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Commission or its authority with respect to the 2021 Series A Bonds, the Bond Resolution, the Legal Documents or the Bond Purchase Agreement, or questioning the existence of the Commission;

(vii) the information contained in the Preliminary Official Statement and the Official Statement under the captions "SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION" and "ABSENCE OF MATERIAL LITIGATION" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Commission of the Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the 2021 Series A Bonds by the Underwriters); and

(ix) to the best of such counsel's knowledge after due inquiry, the Commission is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Commission is a party or is otherwise subject, which breach or default would materially adversely affect the Commission's ability to enter into or perform its obligations under the Legal Documents and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect

the Commission's ability to enter into or perform its obligations under the Legal Documents and the Bond Purchase Agreement.

(7) A certificate, dated the Closing Date and signed by such officials of the Commission as shall be satisfactory to the Representative, to the effect that (i) the representations, warranties and covenants of the Commission contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Commission and the Representative; (iii) the Commission has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Commission, whether or not arising in the ordinary course of the Commission's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, (excluding therefrom the Excluded Information as to which no representations and warranties need be made, and the information in Appendix C-1, which is correct in all material respects), and the Official Statement, as of its date and as of the Closing Date, (excluding therefrom the Excluded Information as to which no representations and warranties need be made, and the information in Appendix C-1, which is correct in all material respects), did not and does not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(8) The audited financial statements of the Commission relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the Commission as of June 30, 2020 included in the Official Statement, certified by the Commission on the Closing Date as being correct and complete.

(9) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Representative, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture;

(ii) the Trustee is duly authorized to enter into, has duly executed and delivered the Legal Documents to which the Trustee is a party and has duly authenticated and delivered the 2021 Series A Bonds;

(iii) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default

under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iv) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(v) the Trustee will apply the proceeds from the 2021 Series A Bonds as provided in the Indenture.

(10) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Legal Documents to which the Trustee is a party.

(11) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Commission and the Underwriters, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Legal Documents to which it is a party and to enter into such Legal Documents;

(ii) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the 2021 Series A Bonds or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the 2021 Series A Bonds or the Legal Documents to which it is a party.

(12) Evidence of signature authority and incumbency of the Trustee.

(13) The 2014A Escrow Agreement.

(14) A Verification Report of _____, certified public accountants (the “Verification Agent”).

(15) The opinion of Counsel to the Escrow Agent addressed to the Representative, in form and substance acceptable to the Representative.

(16) A certified copy of the proceedings relating to authorization and approval of the Sales Tax.

(17) A copy of the executed Agreement for State Administration of Transactions and Use Tax, between the Commission and the CDTFA, including all amendments thereto.

(18) A certified copy of the Board Resolution.

(19) Fully executed copies of each of the Legal Documents.

(20) Evidence of required filings with the California Debt and Investment Advisory Commission.

(21) A copy of the Blue Sky Survey with respect to the 2021 Series A Bonds.

(22) Evidence as of the Closing Date satisfactory to the Representative that the 2021 Series A Bonds have received a rating of “[]” from Fitch Ratings and

“[]” from S&P Global Ratings (or such other equivalent rating as Fitch Ratings and S&P Global Ratings shall issue), and that such ratings have not been revoked or downgraded.

(23) Two transcripts of all proceedings relating to the authorization and issuance of the 2021 Series A Bonds, which may be in digital form (or a commitment to so provide).

(24) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, Underwriters’ Counsel or Bond Counsel may reasonably request to evidence compliance by the Commission with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Commission herein contained and of the Official Statement and the due performance or satisfaction by the Commission at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Commission.

10. Termination.

(a) If the Commission shall be unable to satisfy the conditions of the Underwriters’ obligations contained in this Bond Purchase Agreement or if the Underwriters’ obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be cancelled by the Representative at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Commission in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Commission hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative at its sole discretion.

(b) The Underwriters shall also have the right, prior to the Closing Time, to cancel their obligations to purchase the 2021 Series A Bonds, by written notice to the Commission, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading and, in either such event, (A) the Commission refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Representative or (B) the effect of the Official Statement as so supplemented is, in the judgment of the Representative, to materially adversely affect the market price or marketability of the 2021 Series A Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the 2021 Series A Bonds; or

(ii) the market for the 2021 Series A Bonds or the market prices of the 2021 Series A Bonds or the ability of the Underwriters to enforce

contracts for the sale of the 2021 Series A Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Representative, by:

(A) an amendment to the Constitution of the State of California shall have been passed or legislation shall have been introduced in or enacted by the State of California or a decision shall have been rendered by a court of the State of California, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the State of California authority, with respect to State of California taxation upon revenues or other income of the general character to be derived by the Commission, or upon interest received on, obligations of the general character of the 2021 Series A Bonds which, in the reasonable judgment of the Representative, is likely to have the purpose or effect, directly or indirectly, of adversely affecting the tax status of the Commission, its property or income, its securities (including the 2021 Series A Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(B) legislation shall have been introduced or passed by either chamber of the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or an order, stop order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the 2021 Series A Bonds are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939; or

(C) the declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency (or the material escalation thereof) or calamity or terrorism affecting the operation of the government of the United States, or the financial, political or economic conditions affecting the United States or the Commission; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the 2021 Series A Bonds, or the issuance, offering or sale of the 2021 Series A Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(F) any material adverse change in the affairs or financial condition of the Commission, except for changes which the Official Statement disclosures are expected to occur; or

(iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable professional judgment of the Representative, materially and adversely affect the market or market price for the 2021 Series A Bonds, or there is a material increase in restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers which, in the reasonable professional judgment of the Representative, make it impractical or inadvisable to proceed with the offering of the 2021 Series A Bonds as contemplated in the Official Statement; or

(iv) any litigation shall be instituted or be pending at the Closing Time to restrain or enjoin the issuance, sale or delivery of the 2021 Series A Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Sales Tax or the rates, levy or collection thereof, the issuance, sale or delivery of 2021 Series A Bonds, the Act, the Ordinance, the Bond Resolution, the Legal Documents or the existence or powers of the Commission with respect to its obligations under the Legal Documents or the 2021 Series A Bonds; or

(v) there shall have occurred any downgrading or published negative credit watch or similar published information regarding an unenhanced long-term rating on the Commission's senior lien debt obligations, by a rating agency that as of the date hereof has published, or has been asked to furnish, an unenhanced long-term rating on the Commission's senior lien debt obligations, including the 2021 Series A Bonds, which action reflects a change or possible change in the ratings accorded to such obligations, including the 2021 Series A Bonds.

If the Underwriters terminate their obligation to purchase the 2021 Series A Bonds because any of the conditions specified in Section 6, Section 9 or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Representative.

11. Conditions to Obligations of the Commission. The performance by the Commission of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the Commission and the Underwriters of opinions addressed to the Underwriters and certificates being delivered at the Closing Time by persons and entities other than the Commission.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) the Commission will not adopt any amendment of, or supplement to, the Official Statement to which the Representative shall object in writing or that shall be disapproved by the Underwriters' Counsel and (b) if any event relating to or affecting the Commission shall occur as a result of which it is necessary, in the opinion of Underwriters' Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the 2021 Series A Bonds, the Commission will forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriters' Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the 2021 Series A Bonds, not misleading.

13. Indemnification. The Commission (a "Commission Indemnifying Party") shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and their respective directors, officers, employees and agents and each person who controls the Underwriters within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called a "Commission Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Commission Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Commission Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the captions "DESCRIPTION OF THE SERIES 2021 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS," "SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION," "THE SALES TAX," "FINANCING PLAN," "COMMISSION INVESTMENT PORTFOLIO," and "ABSENCE OF MATERIAL LITIGATION," excluding therefrom the Excluded Information, or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Commission may otherwise have to any Commission Indemnified Party, provided that in no event shall the Commission be obligated for double indemnification.

The Underwriters (collectively, an "Underwriter Indemnifying Party") shall indemnify and hold harmless, to the extent permitted by law, the Commission and its directors, officers, members, employees and agents and each person who controls the Commission within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an

“Underwriter Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Underwriter Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the caption “UNDERWRITING” or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriters be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “Indemnified Party” means a Commission Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “Indemnifying Party” means a Commission Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Commission or the Underwriters, to the extent permitted by law, the Commission and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Commission and the Underwriters may be subject) in such proportion so that the Underwriters are jointly and severally responsible for that portion represented by the percentage that the Underwriters' discount set forth in the Official Statement bears to the public offering price appearing thereon and the Commission is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person, if any, who controls the Underwriters within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriters. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

Nothing in this Section 13 shall relate to, have any effect on, or provide any obligation for or right to indemnification or contribution with respect to any action, expense, judgment, order, ruling, award or settlement in the litigation brought by the Commission against affiliates of the Underwriters alleging that the defendants conspired to suppress the U.S. dollar London Interbank Offered Rate.

14. Expenses.

(a) Whether or not the 2021 Series A Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriters shall be under no obligation to pay and the Commission hereby agrees to pay any expenses incident to the performance of the Commission's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the 2021 Series A Bonds; (ii) any fees charged by any rating agency for issuing the rating on the 2021 Series A Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; (v) the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure undertaking compliance review; and (vi) any out-of-pocket disbursements of the Commission. The Commission shall also pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters on behalf of the Commission's employees and representatives which are in connection with this Bond Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees and representatives.

(b) Whether or not the 2021 Series A Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the 2021 Series A Bonds by the MSRB or Financial Industry Resources Authority; (ii) all advertising expenses in connection with the public offering and distribution of the 2021 Series A Bonds (excluding any expenses of the Commission and its employees or agents); (iii) any fees payable to the California Debt and Investment Advisory Commission (“CDIAC”); and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the 2021 Series A Bonds, including the fees and disbursements of Underwriters’ Counsel. The Underwriters are required to pay the fees to CDIAC in connection with the 2021 Series A Bond offering. The Commission acknowledges that it has had the opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Commission agrees to reimburse the Underwriters for such fees.

15. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the Commission, addressed to:

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101
Attention: Executive Director

or if to the Representative or the Underwriters, addressed to:

Wells Fargo Bank, N.A.
150 East 42nd Street, 25th Floor
New York, New York 10017
Attention: Director

16. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the Commission in writing as heretofore specified shall constitute the entire agreement between the Commission and the Underwriters and is made solely for the benefit of the Commission and the Underwriters (including the successors or assigns of the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Commission in this Bond Purchase Agreement or in any certificate delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery to and payment by the Underwriters for the 2021 Series A Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

17. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Bond Purchase Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Bond Purchase Agreement using an electronic signature, it is signing, adopting, and accepting this Bond Purchase Agreement and that signing this Bond Purchase Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Bond Purchase Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Bond Purchase Agreement in a usable format.

19. No Advisory or Fiduciary Role. The Commission acknowledges and agrees that: (i) the primary role of the Underwriters, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the Commission and the Underwriters and that the Underwriters have financial and other interests that differ from those of the Commission; (ii) the Underwriters are not acting as a municipal advisor, financial advisor, or fiduciary to the Commission and have not assumed any advisory or fiduciary responsibility to the Commission with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Commission on other matters); and (iii) the Commission has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Commission would like a municipal advisor in this transaction that has legal fiduciary duties to the Commission, then the Commission is free to engage a municipal advisor to serve in that capacity.

[Remainder of page intentionally blank]

20. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

WELLS FARGO BANK, NATIONAL
ASSOCIATION
BOFA SECURITIES INC..
JEFFERIES LLC
MORGAN STANLEY & CO. LLC

By WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Representative

By: _____
Title:

The foregoing is hereby agreed to and
accepted as of the date first above written:

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Authorized Officer

APPENDIX A

MATURITY SCHEDULE

\$ _____

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2021 SERIES A (FEDERALLY TAXABLE)**

<u>Maturity (April 1)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Price (%)</u>

Optional Redemption of the 2021 Series A Bonds. The 2021 Series A Bonds maturing on and after April 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after April 1, 20__, as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

Optional Make-Whole Redemption of the 2021 Series A Bonds. The 2021 Series A Bonds are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date prior to April 1, 20[___], as a whole or in part by such maturity or maturities as may be specified by Request of the Commission, at a redemption price equal to the 2021 Series A Make-Whole Redemption Price.

“2021 Series A Designated Consultant” means an independent accounting firm, investment banking firm, or municipal advisor retained by the Commission at the Commission’s expense.

“**2021 Series A Make-Whole Redemption Price**” means, with respect to any 2021 Series A Bond to be redeemed pursuant to the Indenture, the amount calculated by the 2021 Series A Designated Consultant equal to the greater of:

(a) 100% of the principal amount of the 2021 Series A Bonds to be redeemed;
or

(a) the sum of the present values of the applicable remaining payments of principal and interest on the 2021 Series A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2021 Series A Bonds are to be redeemed, discounted to the date of redemption of such 2021 Series A Bonds on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the 2021 Series A Treasury Rate plus [] basis points ([]%);

plus, in each case, accrued and unpaid interest on the 2021 Series A Bonds to be redeemed to the date fixed for redemption

“**2021 Series A Treasury Rate**” means with respect to any redemption date for a particular 2021 Series A Bond, the yield to maturity of United States Treasury securities (excluding inflation indexed securities) with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available not less than five nor more than 45 calendar days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)), most nearly equal to the period from the redemption date to the maturity date of the 2021 Series A Bond to be redeemed, as determined by the 2021 Series A Designated Consultant.

Mandatory Redemption. The 2021 Series A Bonds maturing on April 1, 20__ are 2021A Term Bonds and are subject to mandatory redemption from 2021A Mandatory Sinking Account Payments for such 2021 Series A Bonds, on each April 1 on and after April 1, 20__, and in the principal amount equal to the 2021A Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

2021A Mandatory Sinking Account Payments for 2021 Series A Bonds maturing on April 1, 20__ shall be due in such amounts and on such dates as follows:

Redemption Date (April 1)	2021A Mandatory Sinking Account Payment

* Maturity.

APPENDIX B
FORM OF LETTER OF DISCLOSURE COUNSEL

[Closing Date]

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101

Wells Fargo Bank, National Association
as Representative
New York, New York

Re: \$_____ San Diego County Regional Transportation Commission Sales Tax
Revenue Bonds (Limited Tax Bonds) 2021 Series A (Taxable)

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the San Diego County Regional Transportation Commission (the “Commission”) in connection with the issuance by the Commission of its Sales Tax Revenue Bonds (Limited Tax Bonds) 2021 Series A (Taxable) in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds were issued pursuant to the Indenture, dated as of March 1, 2008, as amended and supplemented, including by an Eleventh Supplemental Indenture, dated as of [____], 2021 (collectively, the “Indenture”), each between the Commission and U.S. Bank National Association, as trustee. The Bonds are more fully described in the Official Statement of the Commission, dated [____], 2021 (the “Official Statement”). This opinion is delivered to you pursuant to Section 9(f)(4) of the Bond Purchase Agreement, dated [____], 2021 (the “Bond Purchase Agreement”), by and between the Commission and Wells Fargo Bank, National Association (the “Representative”), acting on behalf of itself and BOFA Securities, Inc., Jefferies LLC and Morgan Stanley & Co. LLC (collectively, the “Underwriters”). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Bond Purchase Agreement.

In rendering this opinion, we have reviewed the Indenture and such records, documents, certificates and opinions, and made such other investigations of law and fact as we have deemed necessary or appropriate.

This opinion is limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as Disclosure Counsel to the Commission, we have rendered certain legal advice and assistance in connection with the preparation of the Preliminary Official Statement of the Commission, dated [____], 2021 (the “Preliminary Official Statement”), and the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in meetings and telephone conferences with, among others, representatives of the Commission, Public Financial Management, Inc., the Commission’s financial advisor, Bond Counsel, Wells Fargo Bank, National Association, as representative of the Underwriters, and counsel to the Underwriters, at which meetings and conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), no facts have come to the attention of the personnel directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement that causes them to believe that (a) the Preliminary Official Statement as of its date and as of the date of the Bond Purchase Agreement contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except for any information relating to The Depository Trust Company, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein, and information in Appendices A, E and F thereof, as to all of which we express no view, and except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yield, interest rate, maturity, amortization, redemption provisions, underwriters’ compensation and the CUSIP numbers), or (b) the Official Statement as of its date or as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for any information relating to The Depository Trust Company, Cede & Co., the book-entry system, the CUSIP numbers, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein, and information in Appendices A, E and F thereof, as to all of which we express no view).

During the period from the date of the Preliminary Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement.

We are furnishing this opinion to you, solely for your benefit. This opinion is rendered in connection with the transaction described herein, and may not be relied upon by you for any other purpose. This opinion shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent. The delivery of this opinion shall not create any attorney-client relationship between our firm and the addressees hereof, other than the Commission. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the remarketing relating to the Bonds, and we have no obligation to update this opinion.

Respectfully submitted,

DRAFT

\$ _____
**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2021 SERIES B**

BOND PURCHASE AGREEMENT

[____], 2021

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101

Ladies and Gentlemen:

BofA Securities, Inc. (the “Representative”), acting on behalf of itself and Wells Fargo Bank, National Association, Jefferies LLC and Morgan Stanley & Co. LLC (collectively the “Underwriters”), hereby offers to enter into this Bond Purchase Agreement with the San Diego County Regional Transportation Commission (the “Commission”), which, upon the Commission’s acceptance hereof, will be binding upon the Commission and the Underwriters. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Commission and the delivery of such acceptance to the Representative or its attorney at or prior to 6:00 p.m., Pacific time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Commission at any time prior to the acceptance hereof by the Commission.

The Representative represents and warrants to the Commission that it has been duly authorized to enter into this Bond Purchase Agreement and to act hereunder by and on behalf of the Underwriters.

1. **Definitions.** All capitalized terms not defined herein shall have the meanings ascribed to them in the Indenture, as defined below. Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“Bond Purchase Agreement” shall mean this Bond Purchase Agreement.

“Bond Resolution” shall mean Resolution No. RTC-2021-__ adopted by the Commission on _____, 2021.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Commission is legally authorized to close.

“Closing Date” shall have the meaning given such term in Section 7 hereof.

“Closing Time” shall mean the time at which payment for and delivery of the Series 2021 Series B Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement dated [____], 2021.

“County” shall mean the County of San Diego, California.

“End Date” shall have the meaning set forth in Section 2 hereof.

“Indenture” shall mean the Amended and Restated Subordinate Indenture dated as of April 1, 2018, as amended or supplemented, including as supplemented by the Third Supplemental Indenture.

“Legal Documents” shall mean the Indenture, the Continuing Disclosure Agreement, and the Tax Certificate.

“Third Supplemental Indenture” shall mean the Third Supplemental Indenture, dated as of [____], 2021, between the Commission and U.S. Bank National Association, as Trustee, as amended or supplemented.

“Official Statement” shall mean the Official Statement of the Commission, dated [____], 2021, relating to the 2021 Series B Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Preliminary Official Statement” shall mean the Preliminary Official Statement of the Commission, dated [____], 2021, relating to the 2021 Series B Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Rule 15c2-12” shall mean Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“Sales Tax” shall mean the 1/2 of 1% retail transactions and use tax imposed by the Commission and approved by the electors of the County at an election held November 3, 1987 and extended by the electors of the County at an election held November 2, 2004.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate of the Commission dated the Closing Date.

“2021 Series B Bonds” shall mean \$_____ aggregate principal amount of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B.

2. Use and Preparation of Official Statement; Continuing Disclosure Agreement. The Commission has heretofore delivered to the Underwriters copies of the Preliminary Official Statement, which the Commission has deemed final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Commission shall prepare and deliver to the Underwriters, as promptly as practicable, but in no event later than seven (7) business days from the date hereof and at least two (2) business days prior to the Closing Date, whichever occurs first, a final Official Statement, with such changes and amendments as may be agreed to by the Representative, in such quantities as the Underwriters may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the “MSRB”). The Commission hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use and distribute the Official Statement and all information contained therein in connection with the public offering and sale of the 2021 Series B Bonds. The Representative agrees to promptly file a copy of the Official Statement, including any supplements prepared by the Commission, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The Commission shall deliver sufficient copies of the Official Statement to enable the Underwriters to distribute a single copy to any potential customer of the Underwriters requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on a date referred to herein as the “End Date,” which is the date when the Official Statement becomes available through EMMA, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the Commission may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Underwriters. In any event, the Underwriters shall promptly notify the Commission of the end of the underwriting period.

The Commission will undertake pursuant to a Continuing Disclosure Agreement, to be dated as of the date of issuance of the 2021 Series B Bonds, to provide certain annual financial and operating information and certain material event notices. A description of this undertaking is set forth in the Official Statement.

3. Purchase and Sale of the 2021 Series B Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Commission the 2021 Series B Bonds for offering to the public, and the Commission hereby agrees to sell to the Underwriters, all (but not less than all) of the \$_____ aggregate principal amount of the 2021 Series B Bonds at an aggregate purchase price of \$_____ (the “Purchase Price”), representing the aggregate principal amount of the 2021 Series B Bonds, plus/less original issue premium/discount of \$_____, less an underwriters’ discount of \$_____.

4. The 2021 Series B Bonds. The principal amounts, maturity dates, interest rates and prices with respect to the 2021 Series B Bonds shall be as described in the Official Statement and in Appendix A hereto.

5. Public Offering; Establishment of Issue Price.

(a) The Underwriters agree to make a bona fide public offering of all the 2021 Series B Bonds at prices set forth on Schedule I hereto. After such initial public offering, the

Underwriters reserve the right to change such offering prices from time to time as they deem necessary.

(b) The Representative, on behalf of itself and the other Underwriters, agrees to assist the Commission in establishing the issue price of the 2021 Series B Bonds and shall execute and deliver to the Commission at Closing an “issue price” or similar certificate, substantially in the form attached hereto as Appendix C, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Commission and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2021 Series B Bonds.

(c) Based on information provided by the Representative, the Commission represents that it will treat the first price at which 10% of each maturity of the 2021 Series B Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(d) [Except for the maturities set forth in Appendix A hereto that are subject to the hold-the-offering-price rule (as hereinafter defined),] the Commission represents that it will treat the first price at which 10% of each maturity of the 2021 Series B Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Representative shall report to the Commission the price or prices at which the underwriters have sold to the public each maturity of the 2021 Series B Bonds.

The Representative confirms that the underwriters have offered the 2021 Series B Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth on Schedule I hereto. Schedule II to Appendix C attached hereto sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the 2021 Series B Bonds for which the 10% test has not been satisfied and for which the Commission and the Representative, on behalf of the underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Commission to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2021 Series B Bonds, the underwriters will neither offer nor sell, and the Representative has agreed to [hold][purchase] such unsold 2021 Series B Bonds of that maturity and neither offer nor sell any such unsold 2021 Series B Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the 2021 Series B Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the Commission when the underwriters have sold 10% of that maturity of the 2021 Series B Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the fifth (5th) business day after the sale date.

The Commission acknowledges that the Representative shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no other underwriter shall be liable for the failure of the Representative [or of any dealer who is a member of the Representative's selling group, or of any broker-dealer that is a party to a retail distribution agreement with the Representative, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2021 Series B Bonds].

(e) The Representative confirms that the underwriters have offered the 2021 Series B Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth on Schedule I hereto.

(f) The Representative confirms that:

- (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the 2021 Series B Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A)(1) report the prices at which it sells to the public the unsold 2021 Series B Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the 2021 Series B Bonds of that maturity or all 2021 Series B Bonds of that maturity have been sold to the public and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, (B) promptly notify the Representative of any sales of the 2021 Series B Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2021 Series B Bonds to the public (each such term being used as defined below), and (C) acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public; and
- (ii) any agreement among underwriters and any selling group agreement relating to the initial sale of the 2021 Series B Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2021 Series B Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it

sells to the public the unsold 2021 Series B Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the 2021 Series B Bonds of that maturity or all 2021 Series B Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(f) The Underwriters acknowledge that sales of any 2021 Series B Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party to an underwriter,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Commission (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2021 Series B Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2021 Series B Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2021 Series B Bonds to the public),
- (iii) a purchaser of any of the 2021 Series B Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the first day on which there is a binding contract in writing for the sale of the 2021 Series B Bonds.

6. Use of Documents. The Commission hereby authorizes the Underwriters to use, in connection with the public offering and sale of the 2021 Series B Bonds, this Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The Closing Time shall be no later than 10:00 a.m., Pacific time, on [____], 2021, or at such other time or on such later date as shall have been mutually agreed upon by the Commission and the Representative (the “Closing Date”). At the Closing Time, the Commission will deliver or cause to be delivered the 2021 Series B Bonds to the Underwriters through The Depository Trust Company (“DTC”) in definitive or temporary form, duly executed by the Commission, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The 2021 Series B Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the 2021 Series B Bonds, but neither the failure to print such numbers on the 2021 Series B Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the 2021 Series B Bonds in accordance with the terms of this Bond Purchase Agreement.

Delivery of the 2021 Series B Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, or at such other place as shall have been mutually agreed upon by the Commission and the Representative.

8. Representations, Warranties and Agreements of the Commission. The Commission hereby represents, warrants and agrees with the Underwriters that:

(a) The Commission has been duly created and is validly existing under the laws of the State and has the power to issue the 2021 Series B Bonds pursuant to the Act, the Bond Resolution and the Legal Documents.

(b) The Commission has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the Sales Tax, to adopt the Bond Resolution, to enter into the Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the 2021 Series B Bonds to the Underwriters as provided herein; the Commission has full legal right, power and authority to perform its obligations under the Bond Resolution, the 2021 Series B Bonds, the Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Commission has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, the Ordinance and laws of the State, and the terms of the Bond Resolution, the 2021 Series B Bonds, the Legal Documents and this Bond Purchase Agreement.

(c) Except as described in the Preliminary Official Statement and the Official Statement, by all necessary official action, the Commission has duly adopted the Ordinance, which was approved by a majority of the voters in the County on November 3, 1987 and extended by more than a two-thirds vote of the voters in the County voting on such extension on November 2, 2004.

(d) By all necessary official action, the Commission has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the 2021 Series B Bonds, this Bond Purchase Agreement and the Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Bond Resolution, and the Legal Documents. When executed and delivered by their respective parties, the Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The 2021 Series B Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriters as provided herein, will constitute legal, valid and binding obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(f) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the 2021 Series B Bonds and the execution, delivery of and performance of the Legal Documents by the Commission have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the 2021 Series B Bonds, as to which no representation is made).

(g) Except as described in the Preliminary Official Statement and the Official Statement, the Commission is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Commission is a party or to which the Commission or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and the Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the 2021 Series B Bonds and the execution and delivery of this Bond Purchase Agreement and the Legal Documents and compliance with the Commission's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation,

judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Commission is a party or to which the Commission or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Commission or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Legal Documents.

(h) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Commission's knowledge, threatened against the Commission: (i) in any way affecting the existence of the Commission or in any way challenging the respective powers of the several offices or the titles of the officials of the Commission to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the 2021 Series B Bonds, the application of the proceeds of the sale of the 2021 Series B Bonds, the proceedings authorizing and approving the Sales Tax, the levy or collection of the Sales Tax; (iii) in any way contesting or affecting, as to the Commission, the validity or enforceability of the Act, the proceedings authorizing the Sales Tax, the Bond Resolution, the 2021 Series B Bonds, the Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Commission or its authority with respect to issuance or delivery of the 2021 Series B Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Legal Documents or this Bond Purchase Agreement, or contesting the power or authority to levy the Sales Tax; (v) contesting the exclusion from gross income of interest on the 2021 Series B Bonds for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Commission to perform and satisfy its obligations under this Bond Purchase Agreement, the Legal Documents or the 2021 Series B Bonds; nor to the best of the Commission's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the proceedings authorizing the Sales Tax, the Bond Resolution, the Legal Documents or this Bond Purchase Agreement or the performance by the Commission of its obligations thereunder, or the authorization, execution, delivery or performance by the Commission of the 2021 Series B Bonds, the Bond Resolution, the Legal Documents or this Bond Purchase Agreement.

(i) Between the date hereof and the Closing Time, the Commission will not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Commission or relating to the Project or except for such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement.

(j) The Commission will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriters as the Underwriters may reasonably request in order (i) to qualify the 2021 Series B Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the

United States as the Underwriters may designate and (ii) to determine the eligibility of the 2021 Series B Bonds for investment under the laws of such states and other jurisdictions; and the Commission will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the 2021 Series B Bonds; provided, however, that in no event shall the Commission be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriters of receipt by the Commission of any written notification with regard to the suspension of the qualification of the 2021 Series B Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(k) The Commission has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the 2021 Series B Bonds as provided in and subject to all of the terms and provisions of the Act, the Ordinance, the Bond Resolution and the Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2021 Series B Bonds.

(l) The 2021 Series B Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement (other than the information as to principal amounts, interest rates, redemption provisions and other information subject to change) and the Official Statement under the captions “DESCRIPTION OF THE SERIES 2021 BONDS” and Appendix C-2 — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE”; the proceeds of the 2021 Series B Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION — Plan of Finance” and “FINANCING PLAN”; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(m) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12) and certain terms of the Bonds left blank or marked preliminary, subject to change, as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the captions “IMPORTANT INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES,” “UNDERWRITING,” “RELATIONSHIP OF CERTAIN PARTIES,” and in Appendix E—“CLEARING SYSTEMS,” and all information concerning the book-entry system, Euroclear, Clearstream, clearance and settlement procedures, secondary market trading and sales, trade and settlement outside of the United States (collectively, the “Excluded Information”) as to which no representations or warranties are made and the information in Appendix C-2, which is correct in all material respects).

(n) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement (excluding therefrom the Excluded Information as to which no representations or warranties are made and the information in Appendix C-2, which is correct in all material respects) did not and does not contain any untrue statement of a material fact or omit

to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(o) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(p) The Commission shall not amend or supplement the Official Statement without the prior written consent of the Representative, which shall not be unreasonably withheld. If between the date hereof and the Closing Time, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Commission shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Commission shall forthwith prepare and furnish (at the expense of the Commission) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

(q) Except as described in the Preliminary Official Statement and the Official Statement, and except for a pledge of Revenues or other funds, in connection with (i) a loan obtained by the Commission under the Transportation Infrastructure Finance and Innovation Act or (ii) a new or extended credit or liquidity facility supporting the Commission's commercial paper notes, the Commission has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Indenture.

(r) The Commission is not in default in any material respect on any bond, note or other obligation for borrowed money or under any agreement under which any such obligation is outstanding, and at no time has defaulted in any material respect on any payment obligation with respect to such outstanding bonds, notes or other obligations for borrowed money.

(s) The financial statements of, and other financial information regarding, the Commission in the Preliminary Official Statement and the Official Statement relating to the receipts, expenditures and cash balances of Revenues by the Commission as of June 30, 2020 fairly represent the receipts, expenditures and cash balances of such amounts and, insofar as presented, other funds of the Commission as of the dates and for the periods therein set forth. The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles consistently applied. Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Commission or in its operations since June 30, 2020 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(t) Prior to the Closing Time, the Commission will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Commission.

(u) Upon the delivery of the 2021 Series B Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture, together with all outstanding Parity Debt, will not in combination with all other outstanding debt obligations of the Commission exceed any limitation imposed by law or by the Indenture or by Section 132309(b) of the Public Utilities Code of the State of California.

(v) The sum of the principal of and interest on the 2021 Series B Bonds, together with all outstanding Parity Debt and all other outstanding debt obligations of the Commission, does not exceed the estimated proceeds of the retail transactions and use tax for the period for which the retail transactions and use tax is to be imposed by the Commission.

(w) Except as otherwise set forth in the Preliminary Official Statement and the Official Statement, the Commission has complied in all material respects during the previous five years with all previous undertakings required pursuant to Rule 15c2-12.

(x) Any certificate, signed by any official of the Commission authorized to do so in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Commission to the Underwriters as to the statements made therein.

9. Conditions to the Underwriters' Obligations. The Representative has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and obligations of the Commission contained herein and upon the documents and instruments to be delivered at the Closing Time. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the Commission contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Commission official or officials dated the Closing Date, and the Commission shall be in compliance with each of the agreements and covenants made by it in this Bond Purchase Agreement;

(b) (i) At the Closing Time, the Act, the Bond Resolution and the Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Commission and the Representative, and (ii) the Commission shall perform or have performed all of its obligations required under or specified in the Act, the Bond Resolution, the Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Commission relating to this Bond Purchase Agreement, the Legal Documents, the

Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Commission, the Act, the Ordinance, the Sales Tax, the Revenues, or the 2021 Series B Bonds as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the 2021 Series B Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, the California Department of Tax and Fee Administration (“CDTFA”) shall not have suspended or advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof, and the General Counsel to the Commission, shall not have advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof other than as disclosed in the Preliminary Official Statement and the Official Statement;

(f) At or prior to the Closing Date, the Representative shall receive copies of each of the following documents:

(1) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Commission by its Executive Director.

(2) An approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, dated the Closing Date, as to the validity of the 2021 Series B Bonds, the exclusion of interest on the 2021 Series B Bonds from federal gross income and the exclusion of interest on the 2021 Series B Bonds from State income taxation, addressed to the Commission substantially in the form attached as Appendix F to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriters.

(3) A supplemental opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, addressed to the Underwriters, to the effect that:

(i) The Bond Purchase Agreement has been duly executed and delivered by the Commission and is valid and binding upon the Commission, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(ii) The statements contained in the Official Statement in the sections entitled “DESCRIPTION OF THE SERIES 2021 Bonds” (other than the information concerning DTC and the book-entry system), “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS,” “TAX MATTERS” and Appendix C-2 — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE,” excluding

any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Indenture, the 2021 Series B Bonds, and the form and content of such counsel's opinion attached as Appendix F to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

(iii) The 2021 Series B Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(4) A letter, dated the Closing Date and addressed to the Commission and the Underwriters, from Norton Rose Fulbright US LLP, Disclosure Counsel, substantially in the form attached as Appendix C hereto.

(5) The opinion of Nixon Peabody LLP, Underwriters' Counsel, addressed to the Underwriters, in form and substance acceptable to the Underwriters, covering such items as the Representative may request.

(6) The opinion of the General Counsel to the Commission, dated the Closing Date, addressed to the Underwriters and the Trustee, to the effect that:

(i) The Commission has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the 2021 Series B Bonds; (d) to cause the Sales Tax to be levied and collected as described in the Preliminary Official Statement and the Official Statement; (e) to pledge the Revenues as contemplated by the Legal Documents; and (f) to carry on its activities as currently conducted;

(ii) The Commission has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Commission has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Legal Documents and the 2021 Series B Bonds;

(iii) the Bond Resolution was duly adopted by at least a two-thirds vote of all the voting members of the Board of Directors of the Commission at a meeting of the governing body of the Commission which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Bond Resolution;

(iv) the adoption of the Bond Resolution, the execution and delivery by the Commission of the Bond Purchase Agreement, the Legal Documents and the 2021 Series B Bonds and the compliance with the provisions of the Bond Purchase Agreement, the Legal Documents and the 2021 Series B Bonds, to the best of such counsel's knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the Commission a material breach of or default under any agreement or instrument to which the Commission is a party or by which it is bound;

(v) the 2021 Series B Bonds, the Legal Documents and the Bond Purchase Agreement constitute binding and legal obligations of the Commission and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) no litigation is pending with service of process completed or, to the best of such counsel's knowledge after due inquiry, threatened against the Commission in any court in any way affecting the titles of the officials of the Commission to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2021 Series B Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the 2021 Series B Bonds, or in any way contesting or affecting the validity or enforceability of the 2021 Series B Bonds, the Bond Resolution, the Legal Documents or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Commission or its authority with respect to the 2021 Series B Bonds, the Bond Resolution, the Legal Documents or the Bond Purchase Agreement, or questioning the existence of the Commission;

(vii) the information contained in the Preliminary Official Statement and the Official Statement under the captions "SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION" and "ABSENCE OF MATERIAL LITIGATION" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Commission of the Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action

required under state securities or Blue Sky laws in connection with the purchase of the 2021 Series B Bonds by the Underwriters); and

(ix) to the best of such counsel's knowledge after due inquiry, the Commission is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Commission is a party or is otherwise subject, which breach or default would materially adversely affect the Commission's ability to enter into or perform its obligations under the Legal Documents and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Commission's ability to enter into or perform its obligations under the Legal Documents and the Bond Purchase Agreement.

(7) A certificate, dated the Closing Date and signed by such officials of the Commission as shall be satisfactory to the Representative, to the effect that (i) the representations, warranties and covenants of the Commission contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Commission and the Representative; (iii) the Commission has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Commission, whether or not arising in the ordinary course of the Commission's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, (excluding therefrom the Excluded Information, as to which no representations and warranties need be made, and the information in Appendix C-2, which is correct in all material respects), and the Official Statement, as of its date and as of the Closing Date, (excluding therefrom the Excluded Information, as to which no representations and warranties need be made, and the information in Appendix C-2, which is correct in all material respects), did not and does not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(8) The audited financial statements of the Commission relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the Commission as of June 30, 2020 included in the Official Statement, certified by the Commission on the Closing Date as being correct and complete.

(9) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Representative, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture;

(ii) the Trustee is duly authorized to enter into, has duly executed and delivered the Legal Documents to which the Trustee is a party and has duly authenticated and delivered the 2021 Series B Bonds;

(iii) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iv) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(v) the Trustee will apply the proceeds from the 2021 Series B Bonds as provided in the Indenture.

(10) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Legal Documents to which the Trustee is a party.

(11) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Commission and the Underwriters, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having

full power and authority and being qualified to enter into, accept and administer the trust created under the Legal Documents to which it is a party and to enter into such Legal Documents;

(ii) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the 2021 Series B Bonds or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the 2021 Series B Bonds or the Legal Documents to which it is a party.

(12) Evidence of signature authority and incumbency of the Trustee.

(13) A certified copy of the proceedings relating to authorization and approval of the Sales Tax.

(14) A copy of the executed Agreement for State Administration of Transactions and Use Tax, between the Commission and the CDTFA, including all amendments thereto.

(15) A certified copy of the Board Resolution.

(16) Fully executed copies of each of the Legal Documents.

(17) Evidence of required filings with the California Debt and Investment Advisory Commission.

(18) A copy of the Blue Sky Survey with respect to the 2021 Series B Bonds.

(19) A Tax Certificate of the Commission, in form satisfactory to Bond Counsel, signed by such officials of the Commission as shall be satisfactory to the Representative.

(20) Evidence as of the Closing Date satisfactory to the Representative that the 2021 Series B Bonds have received a rating of “[]” from Fitch Ratings and “[]” from S&P Global Ratings (or such other equivalent rating as Fitch Ratings and S&P Global Ratings shall issue), and that such ratings have not been revoked or downgraded.

(21) Two transcripts of all proceedings relating to the authorization and issuance of the 2021 Series B Bonds, which may be in digital form (or a commitment to so provide).

(22) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, Underwriters’ Counsel or Bond Counsel may reasonably request to evidence compliance by the Commission with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Commission herein contained and of the Official Statement and the due performance or satisfaction by the Commission at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Commission.

10. Termination.

(a) If the Commission shall be unable to satisfy the conditions of the Underwriters’ obligations contained in this Bond Purchase Agreement or if the Underwriters’ obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be cancelled by the Representative at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Commission in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Commission hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative at its sole discretion.

(b) The Underwriters shall also have the right, prior to the Closing Time, to cancel their obligations to purchase the 2021 Series B Bonds, by written notice to the Commission, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading and, in either such event, (A) the Commission refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory

to the Representative or (B) the effect of the Official Statement as so supplemented is, in the judgment of the Representative, to materially adversely affect the market price or marketability of the 2021 Series B Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the 2021 Series B Bonds; or

(ii) the market for the 2021 Series B Bonds or the market prices of the 2021 Series B Bonds or the ability of the Underwriters to enforce contracts for the sale of the 2021 Series B Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Representative, by:

(A) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been passed by either chamber of the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Commission or upon interest received on obligations of the general character of the 2021 Series B Bonds which, in the reasonable judgment of the Representative, is likely to have the purpose or effect, directly or, indirectly, of adversely affecting the tax status of the Commission, its property or income, its securities (including the 2021 Series B Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(B) legislation shall have been introduced or passed by either chamber of the Congress or recommended for passage by the

President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or an order, stop order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the 2021 Series B Bonds are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939; or

(C) the declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency (or the material escalation thereof) or calamity or terrorism affecting the operation of the government of the United States, or the financial, political or economic conditions affecting the United States or the Commission; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the 2021 Series B Bonds, or the issuance, offering or sale of the 2021 Series B Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(F) any material adverse change in the affairs or financial condition of the Commission, except for changes which the Official Statement disclosures are expected to occur; or

(iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable professional judgment of the Representative, materially and adversely affect the market or market price for the 2021 Series B Bonds, or there is a material increase in restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers which, in the reasonable professional judgment of the Representative, make it impractical or inadvisable to proceed with the offering of the 2021 Series B Bonds as contemplated in the Official Statement; or

(iv) any litigation shall be instituted or be pending at the Closing Time to restrain or enjoin the issuance, sale or delivery of the 2021 Series B Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Sales Tax or the rates, levy or collection thereof, the issuance, sale or delivery of 2021 Series B Bonds, the Act, the Ordinance, the Bond Resolution, the Legal Documents or the existence or powers of the Commission with respect to its obligations under the Legal Documents or the 2021 Series B Bonds; or

(v) there shall have occurred any downgrading or published negative credit watch or similar published information regarding an unenhanced long-term rating on the Commission's subordinate lien debt obligations, by a rating agency that as of the date hereof has published, or has been asked to furnish, an unenhanced long-term rating on the Commission's subordinate lien debt obligations, including the 2021 Series B Bonds, which action reflects a change or possible change in the ratings accorded to such obligations, including the 2021 Series B Bonds.

If the Underwriters terminate their obligation to purchase the 2021 Series B Bonds because any of the conditions specified in Section 6, Section 9 or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Representative.

11. Conditions to Obligations of the Commission. The performance by the Commission of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the Commission and the Underwriters of opinions addressed to the Underwriters and certificates being delivered at the Closing Time by persons and entities other than the Commission.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) the Commission will not adopt any amendment of, or supplement to, the Official Statement to which the Representative shall object in writing or that shall be disapproved by the Underwriters' Counsel and (b) if any event relating to or affecting the Commission shall occur as a result of which it is necessary, in the opinion of Underwriters' Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the 2021 Series B Bonds, the Commission will forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriters' Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the 2021 Series B Bonds, not misleading.

13. Indemnification. The Commission (a "Commission Indemnifying Party") shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and their respective directors, officers, employees and agents and each person who controls the Underwriters within

the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called a “Commission Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Commission Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Commission Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the captions “DESCRIPTION OF THE SERIES 2021 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS,” “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION,” “THE SALES TAX,” “FINANCING PLAN,” “COMMISSION INVESTMENT PORTFOLIO,” and “ABSENCE OF MATERIAL LITIGATION,” excluding therefrom the Excluded Information or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Commission may otherwise have to any Commission Indemnified Party, provided that in no event shall the Commission be obligated for double indemnification.

The Underwriters (collectively, an “Underwriter Indemnifying Party”) shall indemnify and hold harmless, to the extent permitted by law, the Commission and its directors, officers, members, employees and agents and each person who controls the Commission within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Underwriter Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Underwriter Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the caption “UNDERWRITING” or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriters be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “Indemnified Party” means a Commission Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “Indemnifying Party” means a Commission Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so

requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Commission or the Underwriters, to the extent permitted by law, the Commission and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Commission and the Underwriters may be subject) in such proportion so that the Underwriters are jointly and severally responsible for that portion represented by the percentage that the Underwriters' discount set forth in the Official Statement bears to the public offering price appearing thereon and the Commission is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person, if any, who controls the Underwriters within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriters. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

Nothing in this Section 13 shall relate to, have any effect on, or provide any obligation for or right to indemnification or contribution with respect to any action, expense, judgment, order, ruling, award or settlement in the litigation brought by the Commission against affiliates of the

Underwriters alleging that the defendants conspired to suppress the U.S. dollar London Interbank Offered Rate.

14. Expenses.

(a) Whether or not the 2021 Series B Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriters shall be under no obligation to pay and the Commission hereby agrees to pay any expenses incident to the performance of the Commission's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the 2021 Series B Bonds; (ii) any fees charged by any rating agency for issuing the rating on the 2021 Series B Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; (v) the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure undertaking compliance review; and (vi) any out-of-pocket disbursements of the Commission. The Commission shall also pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters on behalf of the Commission's employees and representatives which are in connection with this Bond Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees and representatives.

(b) Whether or not the 2021 Series B Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the 2021 Series B Bonds by the MSRB or Financial Industry Resources Authority; (ii) all advertising expenses in connection with the public offering and distribution of the 2021 Series B Bonds (excluding any expenses of the Commission and its employees or agents); (iii) any fees payable to the California Debt and Investment Advisory Commission ("CDIAC"); and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the 2021 Series B Bonds, including the fees and disbursements of Underwriters' Counsel. The Underwriters are required to pay the fees to CDIAC in connection with the Series 2020A Bond offering. The Commission acknowledges that it has had the opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Commission agrees to reimburse the Underwriters for such fees.

15. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the Commission, addressed to:

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101
Attention: Executive Director

or if to the Representative or the Underwriters, addressed to:

BofA Securities, Inc.
333 South Hope Street, Suite 3820
Mail Code: CA9-193-38-01
Los Angeles, CA 90071
Attention: Bryon Rockwell, Managing Director

16. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the Commission in writing as heretofore specified shall constitute the entire agreement between the Commission and the Underwriters and is made solely for the benefit of the Commission and the Underwriters (including the successors or assigns of the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Commission in this Bond Purchase Agreement or in any certificate delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery to and payment by the Underwriters for the 2021 Series B Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

17. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Bond Purchase Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Bond Purchase Agreement using an electronic signature, it is signing, adopting, and accepting this Bond Purchase Agreement and that signing this Bond Purchase Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Bond Purchase Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Bond Purchase Agreement in a usable format.

19. No Advisory or Fiduciary Role. The Commission acknowledges and agrees that: (i) the primary role of the Underwriters, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the Commission and the Underwriters and that the Underwriters have financial and other interests that differ from those of the Commission; (ii) the Underwriters are not acting as a municipal advisor, financial advisor, or fiduciary to the Commission and have not assumed any advisory or fiduciary responsibility to the Commission with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Commission on other matters); and (iii) the Commission has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Commission would like a municipal advisor in this transaction that has legal fiduciary duties to the Commission, then the Commission is free to engage a municipal advisor to serve in that capacity.

20. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

BOFA SECURITIES, INC.
WELLS FARGO BANK, NATIONAL
ASSOCIATION
JEFFERIES LLC
MORGAN STANLEY & CO. LLC

By BOFA SECURITIES, INC.,
as Representative

By: _____
Authorized Officer

The foregoing is hereby agreed to and
accepted as of the date first above written:

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Authorized Officer

APPENDIX A

MATURITY SCHEDULE

\$ _____

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION SUBORDINATE SALES TAX REVENUE BONDS (LIMITED TAX BONDS) 2021 SERIES B

<u>Maturity (April 1)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Price (%)</u>	<u>10% Test Met as of Pricing</u>	<u>Subject to Hold-the- Offering Price Rule</u>

c _____

Optional Redemption of the 2021 Series B Bonds. The 2021 Series B Bonds maturing on and after April 1, 20____, are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after April 1, 20____, as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Redemption of 2021 Series B Bonds. The 2021 Series B Bonds maturing on April 1, 20____ are 2021B Term Bonds and are subject to mandatory redemption from 2021B Mandatory Sinking Account Payments for such 2021 Series B Bonds, on each April 1 on and after April 1, 20____, and in the principal amount equal to the 2021B Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

2021B Mandatory Sinking Account Payments for 2021 Series B Bonds maturing on April 1, 20____ shall be due in such amounts and on such dates as follows:

<u>Redemption Date (April 1)</u>	<u>2021B Mandatory Sinking Account Payment</u>

* Final Maturity

APPENDIX B

CERTIFICATE OF THE REPRESENTATIVE REGARDING OFFERING PRICES

The undersigned, on behalf of BofA Securities, Inc. (the “Representative”), on behalf of itself and Wells Fargo Bank, National Association, Jefferies LLC and Morgan Stanley & Co. LLC (collectively, the “Underwriters”), hereby certifies as set forth below with respect to the sale and issuance of the \$_____ aggregate principal amount of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B (the “Bonds”).

Issue Price.

[NOT USING HOLD THE PRICE]

1. **[10% OF EACH MATURITY SOLD BY CLOSING]** As of the date hereof, the first price at which at least 10% of each Maturity of the Bonds was sold by the Underwriter to the Public was the [Initial Offering Price/**OR IF ACTUAL SALES AT OTHER THAN IOP** price set forth on Schedule 1 hereto.]

[USING HOLD THE PRICE]

1. As of _____, 2021 (the “Sale Date”), all of the Bonds were the subject of a bona fide offering to the Public at the Initial Offering Price.

[2. **[USING HOLD THE PRICE FOR A PORTION OF THE ISSUE]** As of the date hereof, other than the Bonds listed on Exhibit A to the Bond Purchase Agreement, dated _____, 2021, by and between the Underwriters and San Diego County Regional Transportation Commission (the “Commission”), as Hold-the-Offering-Price Maturities, the first price at which at least 10% of each Maturity of the Bonds was sold by the Underwriters to the Public was the respective [Initial Offering Price **OR IF ACTUAL SALES AT OTHER THAN IOP** price set forth on Schedule 1 hereto]. Attached hereto as Schedule 2 is a copy of the final pricing wire for each Hold-the-Offering-Price Maturity or an equivalent communication. With respect to the Hold-the-Offering-Price Maturities, as agreed to in writing by the Underwriters in the Bond Purchase Agreement between the Commission and the Underwriters dated _____, 2021, the Underwriters have not offered or sold any Hold-the-Offering-Price Maturities to any person at a price higher than the respective Initial Offering Price for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Hold-the-Offering-Price Maturities was sold at one or more prices no higher than the Initial Offering Price by the Underwriters or (b) the close of the fifth business day following the Sale Date.

2. **[USING HOLD THE PRICE FOR 100% OF THE ISSUE]**. As agreed to in writing by the Underwriters in the Bond Purchase Agreement between the Commission and the Underwriters dated _____, 2021, the Underwriters have not offered or sold any Hold-the-Price Maturities to any person at a price higher than the respective Initial Offering Price for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Hold-the-Offering-Price Maturity was sold at one or more prices no higher than the

Initial Offering Price by the Underwriters or (b) the close of the fifth business day following the Sale Date. Attached hereto as Schedule 1 is a copy of the final pricing wire for the Bonds or an equivalent communication.]

[ADD SECTION ON QUALIFIED GUARANTEE IF APPLICABLE]

2. Defined Terms.

(a) “Hold-the-Offering-Price Maturities” means those Maturities of the Bonds listed in Schedule 1 hereto as the “Hold-the-Offering-Price Maturities.”

(b) “Initial Offering Price” means the prices or yields set forth on the inside cover page of the Commission’s Official Statement in respect of such Bonds dated _____, 2021.

(c) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) “Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Commission (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriters’ interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Commission with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of

the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Commission from time to time relating to the Bonds.

DRAFT

Dated: _____, 2021

BOFA SECURITIES, INC.,
as Representative

By: _____
Authorized Signatory

DRAFT

**SCHEDULE 1
ISSUE PRICES**

[IF USING ACTUAL SALES AND THE IOP IS NOT THE ISSUE PRICE FOR EACH MATURITY]

First Price of At Least 10% (ONLY APPLICABLE IF PRICE IS NOT THE IOP)

Hold-the-Offering-Price Maturities

[IF USING HOLD THE PRICE FOR A PORTION]

First Price of At Least 10% (Only Applicable if Not IOP)

Initial Offering Prices of Undersold Maturities

DRAFT

APPENDIX C
FORM OF LETTER OF DISCLOSURE COUNSEL

[Closing Date]

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101

BofA Securities, Inc.
as Representative
Los Angeles, California

Re: \$ _____ San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds) 2021 Series B Bonds

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the San Diego County Regional Transportation Commission (the “Commission”) in connection with the issuance by the Commission of its Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds) 2021 Series B Bonds (Green Bonds) in the aggregate principal amount of \$ _____ (the “Bonds”). The Bonds were issued pursuant to the Amended and Restated Subordinate Indenture, dated as of April 1, 2018, as amended and supplemented, including by a Third Supplemental Indenture, dated as of [____], 2021 (collectively, the “Indenture”), each between the Commission and U.S. Bank National Association, as trustee. The Bonds are more fully described in the Official Statement of the Commission, dated [____], 2021 (the “Official Statement”). This opinion is delivered to you pursuant to Section 9(f)(4) of the Bond Purchase Agreement, dated [____], 2021 (the “Bond Purchase Agreement”), by and between the Commission and BofA Securities, Inc. (the “Representative”), acting on behalf of itself and Wells Fargo Bank, National Association, Jefferies LLC and Morgan Stanley & Co. LLC (collectively, the “Underwriters”). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Bond Purchase Agreement.

In rendering this opinion, we have reviewed the Indenture and such records, documents, certificates and opinions, and made such other investigations of law and fact as we have deemed necessary or appropriate.

This opinion is limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as Disclosure Counsel to the Commission, we have rendered certain legal advice and assistance in connection with the preparation of the Preliminary Official Statement of the Commission, dated [____], 2021 (the “Preliminary Official Statement”), and the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in meetings and telephone conferences with, among others, representatives of the Commission, Public Financial Management, Inc., the Commission’s financial advisor, Bond Counsel, BofA Securities, Inc., as representative of the Underwriters, and counsel to the Underwriters, at which meetings and conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), no facts have come to the attention of the personnel directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement that causes them to believe that (a) the Preliminary Official Statement as of its date and as of the date of the Bond Purchase Agreement contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except for any information relating to The Depository Trust Company, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein, and information in Appendices A, E and F thereof, as to all of which we express no view, and except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yield, interest rate, maturity, amortization, redemption provisions, underwriters’ compensation and the CUSIP numbers), or (b) the Official Statement as of its date or as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for any information relating to The Depository Trust Company, Cede & Co., the book-entry system, the CUSIP numbers, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein, and information in Appendices A, E and F thereof, as to all of which we express no view).

During the period from the date of the Preliminary Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement.

We are furnishing this opinion to you, solely for your benefit. This opinion is rendered in connection with the transaction described herein, and may not be relied upon by you for any other purpose. This opinion shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent. The delivery of this opinion shall not create any attorney-client relationship between our firm and the addressees hereof, other than the Commission. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the remarketing relating to the Bonds, and we have no obligation to update this opinion.

Respectfully submitted,

DRAFT

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY __, 2021

NEW ISSUE – BOOK ENTRY ONLY**RATINGS:**

2021 Series A Bonds	2021 Series B Bonds
S&P: “ ” Outlook	S&P: “ ” Outlook
Fitch: “ ” Outlook	Fitch: “ ” Outlook

(See “RATINGS” herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2021 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the 2021 Series B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel observes that interest on the 2021 Series A Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that interest on the Series 2021 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2021 Bonds. See “TAX MATTERS.”

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

\$ _____ *

Sales Tax Revenue Bonds (Limited Tax Bonds)
2021 Series A (Federally Taxable)

\$ _____ *

Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds)
2021 Series B

Dated: Date of Delivery**Due as shown on inside cover**

The San Diego County Regional Transportation Commission (the “Commission”) will issue its Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable) (the “2021 Series A Bonds”) and Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B (the “2021 Series B Bonds”) and, together with the 2021 Series A Bonds, the “Series 2021 Bonds”). The Series 2021 Bonds are limited obligations of the Commission payable from the receipts of a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”) imposed in the County of San Diego (the “County”) for transportation and related purposes. The 2021 Series B Bonds are payable from and secured by the Sales Tax on a basis subordinate to the 2021 Series A Bonds. Collection of the Sales Tax commenced on April 1, 1988. The Sales Tax is scheduled to expire on March 31, 2048. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS” herein.

The Commission, with the assistance of Wells Fargo Securities and BofA Securities, Inc., as dealer managers, have released an “Invitation to Tender Bonds made by San Diego County Regional Transportation Commission” dated __, 2021 (the “Tender Offer”) inviting owners of certain maturities of the Commission’s outstanding Sales Tax Revenue Bonds (Limited Tax Bonds), 2014 Series A (the “Targeted 2014 Series A Bonds”) to tender such bonds for purchase by the Commission. Such purchase of tendered bonds, if any, will be funded by a portion of the proceeds of the 2021 Series B Bonds as described herein. See “FINANCING PLAN - Tender and Purchase.”

The Commission will apply the proceeds of the 2021 Series A Bonds to: (i) advance refund the Targeted 2014 Series A Bonds not tendered and (ii) pay the costs of issuing the 2021 Series A Bonds. The Commission will apply the proceeds of the 2021 Series B Bonds to: (i) pay costs of the Project, as defined herein, (ii) purchase Targeted 2014 Series A Bonds tendered pursuant to the Tender Offer, if any, and (iii) pay the costs of issuing the 2021 Series B Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “FINANCING PLAN.” No debt service reserve will be funded for the Series 2021 Bonds.

The Series 2021 Bonds will be dated their date of delivery. The principal amounts, interest rates, maturity dates, and other information relating to the Series 2021 Bonds are summarized on the inside cover page hereof. The Commission will pay interest on the Series 2021 Bonds on April 1 and October 1 of each year, commencing on October 1, 2021. Investors may purchase the Series 2021 Bonds in book-entry form only. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

The Series 2021 Bonds are subject to optional and mandatory sinking fund redemption by the Commission prior to maturity as described herein. See “THE SERIES 2021 BONDS – Redemption.”

THE SERIES 2021 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE COUNTY, THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE COMMISSION TO THE EXTENT OF THE PLEDGE OF REVENUES DESCRIBED HEREIN, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE SENIOR INDENTURE AND THE SUBORDINATE INDENTURE) OF THE COMMISSION IS NOT PLEDGED, FOR THE PAYMENT OF THE SERIES 2021 BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE SENIOR INDENTURE AND THE SUBORDINATE INDENTURE.

This cover page contains general information only. Capitalized terms used on this cover are defined herein. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

* Preliminary, subject to change.
101482721.9

The Series 2021 Bonds are offered when, as and if issued by the Commission and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, and certain other conditions. Certain legal matters will be passed on for the Commission by its General Counsel and by Norton Rose Fulbright US LLP, Disclosure Counsel to the Commission, and for the Underwriters by their counsel, Nixon Peabody LLP. It is expected that the Series 2021 Bonds will be available for delivery through the book-entry facilities of The Depository Trust Company on or about _____, 2021.

Wells Fargo Securities

Senior Manager: 2021 Series A Bonds
Co-Senior Manager: 2021 Series B Bonds

BofA Securities

Senior Manager: 2021 Series B Bonds
Co-Senior Manager: 2021 Series A Bonds

Jefferies

Co-Managers: 2021 Series A Bonds and 2021 Series B Bonds

Morgan Stanley

Dated: March __, 2021

DRAFT

\$ _____ *

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS (LIMITED TAX BONDS)
2021 SERIES A (FEDERALLY TAXABLE)

\$ _____ Serial 2021 Series A Bonds

<u>Maturity (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No. (Base 797400)[†]</u>
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					

\$ _____ – _____ % Term 2021 Series A Bonds due April 1, 20__ – Price _____ % – Yield _____ %
 CUSIP No. [†] _____

* Preliminary, subject to change.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. None of the Underwriters, the Municipal Advisor or the Commission is responsible for the selection or correctness of the CUSIP numbers set forth herein.

\$ _____ *

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE BONDS (LIMITED TAX BONDS)
2021 SERIES B**

\$ _____ Serial 2021 Series B Bonds

<u>Maturity (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No. (Base 797400)[†]</u>
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					

\$ _____ – _____ % Term 2021 Series B Bonds due April 1, 20__ – Price _____ %[‡] – Yield _____ %
CUSIP No.[†] _____

* Preliminary, subject to change.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. None of the Underwriters, the Municipal Advisor or the Commission is responsible for the selection or correctness of the CUSIP numbers set forth herein.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the San Diego County Regional Transportation Commission (the “Commission”) and other sources that are believed by the Commission to be reliable.

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

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Commission or the Underwriters.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2021 Bonds.

This Official Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Commission or other matters described herein since the date hereof. This Official Statement is submitted with respect to the sale of the Series 2021 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Commission.

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute. Certain capitalized terms used but not defined herein are defined in APPENDIX C-1 or C-2.

The Underwriters may offer and sell the Series 2021 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover pages hereof and such public offering prices may be changed from time to time by the Underwriters.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document for purposes of, and as that term is defined in, United States Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”).

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Commission in any way, regardless of the level of optimism communicated in the information. The Commission is not obligated to issue nor does it plan to issue any updates or revisions to the forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur.

The Series 2021 Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The Series 2021 Bonds have not been registered or qualified under the securities laws of any state. The Series 2021 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

IMPORTANT INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

Any references under the caption above in this Official Statement to the “issuer” shall mean the Commission and references to “bonds” or “securities” mean only the 2021 Series A Bonds offered hereby. The information concerning offering restrictions in certain jurisdictions outside the United States has been supplied by the Underwriters for inclusion in this Official Statement and the Commission does not assume any responsibility for such information. The 2021 Series B Bonds may not be offered outside of the United States.

JAPAN: NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

The Bonds have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended (“FIEA”)) and, accordingly, neither the bonds nor any interest in them may be offered or sold, directly or indirectly, in Japan or to, or for the benefit, of any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “resident of Japan” means a natural person having his/her place of domicile or residence in Japan, or a legal person having its main office in Japan. A branch, agency or other office in Japan of a non-resident, irrespective of whether it is legally authorized to represent its principal or not, shall be deemed to be a resident of Japan even if its main office is in any country other than Japan. Resident of Japan shall exclude non-residents of Japan, as such term is defined in Article 6, Paragraph 1, Sub-Paragraph 6 of the foreign exchange and trade act of Japan (Act. No. 228 of 1949, as amended).

The offering of the bonds in Japan are being made by means of a private placement to qualified institutional investors (tekikaku-kan-toshika) (within the meaning of such term provided for under article 2, paragraph 3, sub-paragraph 1 of the FIEA and article 10, paragraph 1 of the cabinet office ordinance concerning definitions provided in article 2 of the financial instruments and exchange act in Japan (Ministry of Finance Ordinance No.14 of 1993, as amended)) (“QIIS”). the offering of the bonds in Japan shall be made on the conditions that the bonds shall not be transferred to any person other than QIIS and a document including the information on the bonds and to be delivered to a prospective purchaser shall state that the bonds shall not be transferred to any person other than a QIIS.

Upon any subsequent offer for sale or solicitation of offers for the purchase of such bonds by a seller in Japan, the prospective purchaser shall be notified in writing and in advance of or simultaneously with such solicitation, (i) that the registration in accordance with article 4, paragraph 1 of the FIEA has not been made in respect of such solicitation, because such solicitation falls under article 2, paragraph 4, sub-paragraph 2 (i) of the FIEA and (ii) that a document including the information on the bonds and to be delivered to a prospective purchaser shall state that the bonds shall not be transferred to any person other than a QIIS.

TAIWAN: NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

The Underwriters have not and will not secure the required licenses in accordance with Taiwan law for the offer of the bonds. The offer of the bonds has not been and will not be registered or filed with or approved by the financial supervisory commission of Taiwan, the Republic of China (“Taiwan”) and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the securities and exchange act of Taiwan or relevant laws and regulations that requires a registration, filing or approval of the financial supervisory commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the bonds in Taiwan.

SOUTH KOREA: NOTICE TO PROSPECTIVE INVESTORS IN KOREA

The bonds have not been registered with the financial services commission of Korea pursuant to the financial investment services and capital market act of Korea and the regulations thereunder. Each of the Underwriters have represented and agreed that they have not and will not, directly or indirectly, sell or deliver any bonds in Korea or to, or, for the account or benefit of, any resident of Korea (as such term is defined in the foreign exchange transaction act of Korea) or to others for reoffering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted by applicable laws and regulations of Korea.

HONG KONG: NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

Warning - the contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document you should obtain independent professional advice.

By the securities legislation of Hong Kong the bonds have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the securities and futures ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies VII (winding up and miscellaneous provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance. No advertisement, invitation or document relating to the bonds has been or may be issued, or has been or may be in the possession of any person for the purposes of issue, or will be issued or will be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

UNITED KINGDOM: NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Official Statement has not been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) by a person authorized under the FSMA. This Official Statement is for distribution only to persons who are (i) outside the United Kingdom, or (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (financial promotion) Order 2005, as amended (the “financial promotion order”), and/or (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the financial promotion order or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any bonds may otherwise lawfully be communicated or caused to be communicated pursuant to the financial promotion order (all such persons together being referred to as “relevant persons”). This Official Statement must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this official statement relates is available only to relevant persons and will be engaged in only with relevant persons. accordingly, by accepting delivery of this Official Statement, the recipient warrants and acknowledges that it is such a relevant person.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the bonds other than in circumstances in which Section 21(1) of the FSMA does not apply.

EUROPEAN ECONOMIC AREA: NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Official Statement has been prepared on the basis that all offers and sales of the bonds will be made only in circumstances where there is an exemption from the obligation under the prospectus regulation to produce and/or publish a prospectus. As a result, any offer of bonds in any member state of the European Economic Area (“EEA”) (each, a “relevant member state”) or in the United Kingdom must be made pursuant to an exemption under the prospectus regulation from the requirement to publish a prospectus for offers of bonds. Accordingly, any person making or intending to make any offer of bonds in that relevant members state or in the United Kingdom may only do so in circumstances in which no obligations arise for the issuer or any of the underwriters to produce and/or publish a prospectus pursuant to the prospectus regulation, including article 3, thereof, as so implemented, or supplement a prospectus pursuant to article 23 of the prospectus regulation, in each case, in relation to such offer. Neither the issuer nor any of the Underwriters have authorized, nor do they authorize, the making of any offer of the bonds in circumstances in which an obligations arises for the issuer or any of the Underwriters to produce and/or publish or supplement a prospectus for such offer.

For the purposes of the above, the expression “prospectus regulation” means Regulation (EU) 2017/1129 (as amended) and includes any relevant implementing measure in each relevant member state or in the United Kingdom, as applicable.

The bonds are not intended to be offered, sold or otherwise made available to and will not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom. For purposes of this provision:

- (a) The expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MIFID II”); or
 - (ii) a customer within the meaning of directive 2002/92/EC (as amended, the “insurance mediation directive”), where the customer would not qualify as a professional client as defined in point (10) of article 4(1) of MIFID II; or
 - (iii) not a qualified investor as defined in regulation (EU) 2017/1129 (as amended, the “prospectus regulation”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the bonds to be offered so as to enable an investor to decide to purchase or subscribe for the bonds.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPS regulation”) for offering or selling the bonds or otherwise making them available to retail investors in the EEA or in the united kingdom has been prepared, and therefore, offering or selling the bonds or otherwise making them available to any retail investor in the EEA or in the united kingdom may be unlawful under the PRIIPS regulation.

CANADA: NOTICE TO PROSPECTIVE INVESTORS IN CANADA

The bonds may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in national instrument 45-106 prospectus exemptions or Subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 registration requirements, exemptions and ongoing registrant obligations. any resale of the bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this official statement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. the purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to Section 3A.3 of national instrument 33-105 underwriting conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

DRAFT

[INSERT TRANSNET MAP]

DRAFT

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

BOARD MEMBERS

Chair

Hon. Catherine Blakespear

Vice Chair

Hon. Todd Gloria

Executive Director

Hasan Ikhrata

City of Carlsbad

Hon. Matt Hall, Mayor

(A) Hon. Priya Bhat-Patel, Councilmember

(A) Keith Blackburn, Mayor Pro Tem

City of Chula Vista

Hon. Mary Salas, Mayor

(A) Hon. Steve Padilla, Councilmember

(A) Hon. John McCann, Councilmember

City of Coronado

Hon. Richard Bailey, Mayor

(A) Hon. Bill Sandke, Councilmember

(A) Hon. Mike Donovan, Councilmember

City of Del Mar

Hon. Terry Gaasterland, Mayor

(A) Hon. Dave Druker, Councilmember

(A) Hon. Dan Quirk, Councilmember

City of El Cajon

Hon. Bill Wells, Mayor

(A) Hon. Steve Goble, Deputy Mayor

City of Encinitas

Hon. Catherine Blakespear, Mayor

(A) Hon. Joe Mosca, Councilmember

(A) Hon. Kellie Hinze, Councilmember

City of Escondido

Hon. Paul McNamara, Mayor

(A) Hon. Mike Morasco, Councilmember

(A) Hon. Consuelo Martinez, Councilmember

City of Imperial Beach

Hon. Serge Dedina, Mayor

(A) Hon. Ed Spriggs, Councilmember

(A) Hon. Paloma Aguirre, Councilmember

City of La Mesa

Hon. Jack Shu, Councilmember

(A) Hon. Mark Arapostathis, Mayor

(A) Hon. Akilah Weber, Councilmember

City of Lemon Grove

Hon. Racquel Vasquez, Mayor

(A) Hon. Jennifer Mendoza, Councilmember

(A) Hon. George Gastil, Councilmember

City of National City

Hon. Alejandra Sotelo-Solis, Mayor

(A) Hon. Mona Rios, Councilmember

(A) Hon. Marcus Bush, Councilmember

City of Oceanside

Hon. Christopher Rodriguez, Councilmember

(A) Hon. Ryan Keim, Councilmember

(A) Vacant

City of Poway

Hon. Steve Vaus, Mayor

(A) Hon. John Mullin, Councilmember

(A) Hon. Caylin Frank, Councilmember

City of San Diego

Hon. Todd Gloria, Mayor

(A) Hon. Vivian Moreno, Councilmember

(A) Hon. Marni Von Wilpert, Councilmember

Hon. Jennifer Campbell, Council President

(A) Hon. Raul Campillo, Councilmember

(A) Hon. Joe LaCava, Councilmember

City of San Marcos

Hon. Rebecca Jones, Mayor

(A) Hon. Sharon Jenkins, Mayor Pro Tem

(A) Hon. Ed Musgrove, Councilmember

City of Santee

Hon. John Minto, Mayor

(A) Hon. Laura Koval, Councilmember

(A) Hon. Rob McNelis, Vice Mayor

City of Solana Beach

Hon. Lesa Heebner, Mayor

(A), Hon. David A. Zito, Councilmember

(A), Hon. Jewel Edson, Councilmember

City of Vista

Hon. Judy Ritter, Mayor

(A) Hon. John Franklin, Councilmember

(A) Hon. Joe Green, Councilmember

County of San Diego

Hon. Terra Lawson-Remer, Supervisor

(A) Hon. Nora Vargas, Supervisor

Hon. Joel Anderson, Supervisor

(A) Hon. Nora Vargas, Supervisor

Advisory Members

Imperial County

Hon. Jesus Eduardo Escobar, Supervisor

(A) Mark Baza, Imperial County Transportation Commission

California Department of Transportation

Toks Omishakin, Executive Director

(A) Gustavo Dallarda, District 11 Director

(A) Ann Fox, Deputy Director

Metropolitan Transit System

Hon. Paloma Aguirre

(A) Hon. Vivian Moreno

North County Transit District

Hon. Tony Kranz

(A) Hon. Sharon Jenkins

(A) Hon. Priya Bhat-Patel

U.S. Department of Defense

Joe Stuyvesant, Navy Region Southwest Executive Director

(A) Steve Chung, Navy Region Southwest

Port of San Diego

Hon. Garry Bonelli, Commissioner

(A) Hon. Dan Malcolm, Commissioner

San Diego County Water Authority

Mel Katz, Director

(A) Consuelo Martinez

(A) Hon. Mona Rios

San Diego County Regional Airport Authority

Johanna Schiavoni

(A) Paul Robinson

Southern California Tribal

Chairmen's Association

Hon. Cody Martinez, Chairman,

Sycuan Band of the Kumeyaay Nation

Hon. Erica Pinto, Chairwoman,

Jamul Indian Village of California

Mexico

Hon. Carlos González Gutiérrez

Cónsul General of Mexico

(A) Hon. Mario Figueroa

Deputy Cónsul General of Mexico

(A) Hon. Natalia Figueroa, Vice Consul

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

MANAGEMENT

EXECUTIVE DIRECTOR

Hasan Ikhrata

GENERAL COUNSEL

John F. Kirk

**CHIEF CAPITAL PROGRAMS
AND REGIONAL SERVICES
OFFICER**

Jim Linthicum

**CHIEF OPERATIONS
OFFICER**

Vacant

**CHIEF PLANNING AND
INNOVATION OFFICER**

Ray Traynor

**CHIEF ANALYTICS OFFICER
AND CHIEF ECONOMIST**

Ray Major

DIRECTOR OF FINANCE

André Douzджian

***TransNet* DEPARTMENT
DIRECTOR**

José Nuncio

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Senior and Subordinate Trustee

U.S. Bank National Association
Los Angeles, California

Municipal Advisor

PFM Financial Advisors, LLC
San Francisco, California

Verification Agent

[]

INTRODUCTION	1
General.....	1
Authority for Issuance.....	1
Plan of Finance	1
Security for the Series 2021 Bonds.....	2
Additional Obligations.....	3
The Commission and SANDAG.....	3
COVID-19 Pandemic.....	4
DESCRIPTION OF THE SERIES 2021 BONDS	4
General.....	4
Redemption of 2021 Series A Bonds.....	5
Redemption of 2021 Series B Bonds.....	8
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS.....	10
Senior Indenture Pledge of Sales Tax Revenues	10
Subordinate Indenture Pledge of Sales Tax Revenues.....	10
Limited Obligations	11
Senior Revenue Fund; Allocation of Sales Tax Revenues under the Senior Indenture.....	11
Subordinate Revenue Fund; Allocation of Sales Tax Revenues under the Subordinate Indenture	13
No Bond Reserve Fund for the Series 2021 Bonds	15
Issuance of Additional Series of Senior Bonds.....	15
Issuance of Additional Obligations Under the Senior Indenture	17
Refunding of Senior Bonds.....	17
Issuance of Additional Subordinate Obligations Under the Subordinate Indenture	17
Refunding of Subordinate Obligations	18
FINANCING PLAN	19
General.....	19
Tender and Purchase of Targeted 2014 Series A Bonds.....	19
Refunding of Targeted 2014 Series A Bonds	19
The Project.....	20
ESTIMATED SOURCES AND USES OF FUNDS	21
OUTSTANDING OBLIGATIONS	21
Senior Bonds.....	21
Interest Rate Swap Agreements	23
Liquidity Facilities	24
Subordinate Obligations.....	25
Junior Subordinate TIFIA Loan.....	26
PROJECTED DEBT SERVICE SCHEDULES	26

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION	28
General	28
Sustainable Communities Strategy	29
The Expenditure Plan	29
Future Financings	31
Executive Staff	31
THE SALES TAX	33
Authorization, Application and Collection of the Sales Tax	33
Historical Sales Tax Revenues	34
Recent Developments Regarding Sales Tax Collection	36
Other Sales Taxes Imposed in the County	37
COMMISSION INVESTMENT PORTFOLIO	37
RISK FACTORS	38
U.S. Economic Recession; Economy of the County and the State	38
COVID-19 Pandemic	39
Legislative Changes	40
Other Sales Taxes	40
No Acceleration of Series 2021 Bonds	41
Acceleration of Liquidity Facility Bonds	41
Parity with Variable Rate Bonds	41
Loss of Subsidy Payments	41
Availability of Funds to Pay the 2021 Short-Term Notes	42
Bankruptcy Considerations	42
Proposition 218	43
Further Initiatives	43
Governance and Management – Changes in State Law	43
Cybersecurity	44
Climate Change	44
ABSENCE OF MATERIAL LITIGATION	44
TAX MATTERS	44
2021 Series A Bonds	44
U.S. Holders	45
Non-U.S. Holders	46
Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders	47
2021 Series B Bonds	48
LEGAL MATTERS	49
CONTINUING DISCLOSURE	50
RATINGS	50

UNDERWRITING	50
Purchase of the Series 2021 Bonds.....	50
Retail Brokerage Arrangements.....	51
MUNICIPAL ADVISOR.....	52
VERIFICATION OF MATHEMATICAL COMPUTATIONS	52
RELATIONSHIP OF CERTAIN PARTIES	52
FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS	53
MISCELLANEOUS	53
APPENDIX A	– INFORMATION REGARDING THE COUNTY OF SAN DIEGO
APPENDIX B	– SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020
APPENDIX C-1	– DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE
APPENDIX C-2	– DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE
APPENDIX C-3	– SUMMARY OF CERTAIN PROVISIONS OF THE TIFIA LOAN AGREEMENT
APPENDIX D	– FORM OF CONTINUING DISCLOSURE AGREEMENT
APPENDIX E	– CLEARING SYSTEMS
APPENDIX F	– PROPOSED FORM OF OPINION OF BOND COUNSEL

OFFICIAL STATEMENT

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

\$ _____ *
Sales Tax Revenue Bonds
(Limited Tax Bonds)
2021 Series A (Federally Taxable)

\$ _____ *
Subordinate Sales Tax Revenue Bonds
(Limited Tax Bonds)
2021 Series B

INTRODUCTION

General

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the issuance and sale by the San Diego County Regional Transportation Commission (the “Commission”) of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable) (the “2021 Series A Bonds”) and Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B (the “2021 Series B Bonds” and, together with the 2021 Series A Bonds, the “Series 2021 Bonds”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C-1 or APPENDIX C-2 or, if not defined therein, in the Senior Indenture or Subordinate Indenture (each as defined herein).

Authority for Issuance

Pursuant to the San Diego County Regional Transportation Commission Act, Chapter 2 of Division 12.7 (Sections 132000 and following) of the Public Utilities Code of the State of California, (the “Act”), the Commission is authorized to issue indebtedness payable in whole or in part from Sales Tax Revenues (defined below). The 2021 Series A Bonds will be issued and secured pursuant to the Indenture, dated as of March 1, 2008, as supplemented and amended, including by an Eleventh Supplemental Indenture, dated as of March 1, 2021 (collectively, the “Senior Indenture”), between the Commission and U.S. Bank National Association, as trustee (the “Senior Trustee”). Bonds, including the 2021 Series A Bonds, issued and outstanding under the Senior Indenture are referred to herein as the “Senior Bonds.”

The 2021 Series B Bonds will be issued and secured pursuant to the Subordinate Indenture, dated as of April 1, 2018, as supplemented and amended, including by the Third Supplement to Subordinate Indenture, dated as of March 1, 2021 (collectively, the “Subordinate Indenture”), between the Commission and U.S. Bank National Association, as trustee (the “Subordinate Trustee”). Notes or Parity Debt (as such terms are defined in the Subordinate Indenture), including the 2021 Series B Bonds, issued and outstanding under the Subordinate Indenture are referred to herein as the “Subordinate Obligations.”

Plan of Finance

Tender Offer. The Commission, with the assistance of Wells Fargo Securities and BofA Securities, Inc., as dealer managers, have released an “Invitation to Tender Bonds made by San Diego County Regional Transportation Commission” dated _____, 2021 (the “Tender Offer”) inviting owners of certain maturities of the Commission’s outstanding Sales Tax Revenue Bonds (Limited Tax Bonds), 2014 Series A (the “Targeted 2014 Series A Bonds”) to tender such bonds for purchase by the Commission.

* Preliminary, subject to change.
101482721.9

Such purchase of tendered bonds will be funded by a portion of the proceeds of the 2021 Series B Bonds as described herein. See “FINANCING PLAN – Tender and Purchase.”

Application of Proceeds. The Commission will apply the proceeds of the 2021 Series A Bonds to: (i) advance refund the Targeted 2014 Series A Bonds not tendered and (ii) pay the costs of issuing the 2021 Series A Bonds. The Commission will apply the proceeds of the 2021 Series B Bonds to: (i) pay costs of the Project, as defined herein, (ii) purchase Targeted 2014 Series A Bonds tendered pursuant to the Tender Offer, if any, and (iii) pay the costs of issuing the 2021 Series B Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “FINANCING PLAN.”

No debt service reserve will be funded for the 2021 Series A Bonds or the 2021 Series B Bonds.

Security for the Series 2021 Bonds

The Series 2021 Bonds are limited obligations of the Commission secured by a pledge of sales tax revenues (herein called the “Sales Tax Revenues”) derived from a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”), imposed in accordance with the Act and the California Transactions and Use Tax Law (Revenue and Taxation Code Section 7251 and following), net of an administrative fee paid to the California Department of Tax and Fee Administration (the “CDTFA”) in connection with the collection and disbursement of the Sales Tax. On November 3, 1987, a majority of County voters approved the San Diego County Transportation Improvement Program Ordinance and Expenditure Plan (as amended, the “1987 Ordinance”) which imposed the Sales Tax in the County for a 20-year period. The Taxpayer Transparency and Fairness Act of 2017 restructured the California State Board of Equalization (the “BOE”) into three separate entities: the BOE, the CDTFA and the Office of Tax Appeals. The CDTFA handles most of the taxes and fees previously collected by the BOE, including, as of July 1, 2017, the Sales Tax.

Under the 1987 Ordinance, the Sales Tax was scheduled to expire on April 1, 2008. On November 2, 2004, more than two-thirds of County voters approved the San Diego County Transportation Improvement Program *TransNet* Ordinance and Expenditure Plan (the “Sales Tax Extension Ordinance” and, together with the 1987 Ordinance, the “Ordinance”) which provided for an extension of the Sales Tax through March 31, 2048. The 2021 Series A Bonds are payable on parity with the Senior Bonds and other Senior Obligations (as such term is defined in the Senior Indenture) from Sales Tax Revenues and certain amounts held by the Senior Trustee under the Senior Indenture as provided therein. The 2021 Series B Bonds are payable on a basis subordinate to the Senior Bonds, on parity with the Subordinate Obligations from Sales Tax Revenues and certain amounts held by the Subordinate Trustee under the Subordinate Indenture, as provided therein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Pledge of Sales Tax Revenues.”

The Sales Tax is scheduled to expire on March 31, 2048. The final maturity of the Series 2021 Bonds is April 1, 2048. Under the Senior Indenture and Subordinate Indenture, the Senior Trustee and the Subordinate Trustee, as applicable, are each required to make monthly deposits of Sales Tax Revenues in the interest fund and principal fund held under the respective indenture in advance of the next semiannual or annual payment of debt service becoming due on the 2021 Series A Bonds and the 2021 Series B Bonds, respectively, in amounts sufficient to pay such debt service, including the final amount becoming due on April 1, 2048. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Revenue Fund; Allocation of Sales Tax Revenues” and “THE SALES TAX – Authorization, Application and Collection of the Sales Tax.”

Additional Obligations

The Commission may issue additional Senior Bonds and may issue or incur other obligations secured in whole or in part by a pledge of Sales Tax Revenues on parity with the 2021 Series A Bonds and any other outstanding Senior Bonds and the regularly scheduled payments on the Initial Swaps (as defined herein), the Basis Swap Overlays (as defined herein) and any other Interest Rate Swap Agreements (as defined herein), subject to compliance with the terms and provisions set forth in the Senior Indenture. The Commission may also issue additional Subordinate Obligations secured in whole or in part by a pledge of Sales Tax Revenues on a parity with the 2021 Series B Bonds and any other outstanding Subordinate Obligations, subject to compliance with the terms and provisions set forth in the Subordinate Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS.” The Commission may also issue or incur obligations secured in whole or in part by a third lien pledge of Sales Tax Revenues on a parity with its obligations under the TIFIA Loan Agreement (as defined herein).

The Commission and SANDAG

The Board of Directors of the San Diego Association of Governments (“SANDAG”) is designated under State legislation to serve as the San Diego County Regional Transportation Commission. The Commission is authorized, acting by motion, resolution or ordinance, to enter into contracts and, by a two-thirds vote to authorize the issuance of bonds payable from proceeds of the Sales Tax.

The Commission is a separate legal entity from the City of San Diego, California (the “City”) and the County of San Diego, California (the “County”). See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION.”

The Commission is responsible for the implementation and administration of transportation improvement programs funded with the Sales Tax known as “*TransNet*.” The Commission is authorized to receive sales tax revenues after deduction of required CDTPFA costs, approve programs and projects for funding, and adopt implementing ordinances, rules, policies, and take such other actions as may be necessary and appropriate to carry out its responsibilities. See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION.”

SANDAG is the statutorily created regional transportation planning agency. In 2003, State legislation required the consolidation of the planning, programming, project development, and construction functions of the agencies currently known as San Diego Metropolitan Transit System (“MTS”) and North County Transit District (“NCTD”) into SANDAG. SANDAG is now responsible for transit planning, programming, project implementation, and construction of transit projects in the region and assists in the financing of transit projects. Neither SANDAG nor the Commission operates public transit services. MTS and NCTD operate such services within the County. SANDAG is the operator of certain express lanes on State Route 125 and has issued toll revenue debt to finance the acquisition of such toll road. The liabilities of SANDAG are not liabilities of the Commission.

On August 14, 2019 SANDAG issued its \$335,000,000 Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), to provide funds to finance a portion of the costs of the design and construction of a 10.92 mile extension of the Metropolitan Transit System’s San Diego Trolley Blue Line from the Santa Fe Depot in downtown San Diego to the University Town Center Transit Center in the University City community of San Diego, California, known as the Mid-Coast Corridor Transit Project. Additionally, SANDAG is the operator of certain express lanes on State Route 125 and has issued toll revenue debt to finance the acquisition of such toll road. The liabilities of SANDAG are not liabilities of the Commission.

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by new strains of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is significantly affecting many parts of the world, including the United States, California and the County. The Pandemic has negatively affected travel and commerce and is widely expected to continue to negatively affect economic output.

Sales Tax Revenue collections have been higher in the first half of Fiscal Year 2021 than the first half of the prior fiscal year. In particular, collections have benefited from a recent United States Supreme Court ruling that broadened the ability to tax online sales of a seller located in another state at a time when online-sales surged as a result of the Pandemic. See “THE SALES TAX – Recent Developments Regarding Sales Tax Collection.” Sales Tax Revenues have also benefited from higher-than-expected spending on taxable items as a result of public income support (stimulus checks and supplemental unemployment benefits), the fast recovery in high paying jobs, and the strong stock market. Spending behavioral changes have also led to strong increases in spending on taxable goods, while spending on services decreased due to Pandemic related restrictions. See “THE SALES TAX – Historical Sales Tax Revenues – Monthly Sales Tax Revenues.”

To date, the economic effects of the Pandemic have not resulted in a material reduction of Sales Tax Revenues but the Commission is unable to predict the Pandemic’s ongoing impact. Such impact could have a material adverse effect on future Sales Tax Revenues. See “RISK FACTORS—COVID-19 Pandemic.” The Commission does have flexibility to adjust project expenditures if necessary to adapt to the practical and economic challenges of the Pandemic. See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION – The Expenditure Plan.”

DESCRIPTION OF THE SERIES 2021 BONDS

General

The Series 2021 Bonds are being issued by the Commission pursuant to the Senior Indenture and Subordinate Indenture, as applicable, and the Act. The Series 2021 Bonds will be dated their date of delivery and will mature on the dates and in the amounts, and will bear interest at the rates, shown on the inside cover pages of this Official Statement. Each Series 2021 Bond will bear interest from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such Series 2021 Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication. “Record Date” means, with respect to the Series 2021 Bonds, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs. Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Commission will issue the Series 2021 Bonds as fully registered bonds in denominations of \$5,000 and any integral multiple thereof (each an “Authorized Denomination”). The Commission will pay interest on the Series 2021 Bonds on April 1 and October 1 of each year, commencing on October 1, 2021 (each an “Interest Payment Date”).

The Series 2021 Bonds will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2021 Bonds. Investors may purchase Series 2021 Bonds in book-entry form only. Purchasers (“Beneficial Owners”) of the Series 2021 Bonds will not receive physical certificates representing their ownership interest in the Series 2021 Bonds purchased. Payments of principal of and interest on the Series 2021 Bonds will be made to DTC, and DTC will distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Series

2021 Bonds is the responsibility of DTC's Direct and Indirect Participants and not the Commission. See APPENDIX E – "CLEARING SYSTEMS."

Redemption of 2021 Series A Bonds*

Optional Redemption of 2021 Series A Bonds. The 2021 Series A Bonds maturing on and after April 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after April 1, 20__, as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

Optional Make-Whole Redemption of 2021 Series A Bonds. The 2021 Series A Bonds are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date, as a whole or in part by such maturity or maturities as may be specified by Request of the Commission, at a redemption price equal to the 2021 Series A Make-Whole Redemption Price.

"2021 Series A Make-Whole Redemption Price" means, with respect to any 2021 Series A Bond to be redeemed pursuant to optional make-whole redemption as described above, the amount calculated by the 2021 Series A Designated Consultant equal to the greater of:

- (a) 100% of the principal amount of the 2021 Series A Bonds to be redeemed; or
- (b) the sum of the present values of the applicable remaining payments of principal and interest on the 2021 Series A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2021 Series A Bonds are to be redeemed, discounted to the date of redemption of such 2021 Series A Bonds on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the 2021 Series A Treasury Rate plus __ basis points (__%);

plus, in each case, accrued and unpaid interest on the 2021 Series A Bonds to be redeemed to the date fixed for redemption.

"2021 Series A Treasury Rate" means with respect to any redemption date for a particular 2021 Series A Bond, the yield to maturity of United States Treasury securities (excluding inflation indexed securities) with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available not less than five nor more than 45 calendar days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)), most nearly equal to the period from the redemption date to the maturity date of the 2021 Series A Bond to be redeemed, as determined by the 2021 Series A Designated Consultant.

"2021 Series A Designated Consultant" means an independent accounting firm, investment banking firm, or municipal advisor retained by the Commission at the Commission's expense.

In connection with any optional redemption of the 2021 Series A Bonds, the Commission will give the Senior Trustee written notice at least 30 days (or such lesser time period acceptable to the Senior Trustee) before any date fixed for redemption, designating the maturity or maturities of the 2021 Series A Bonds to be redeemed, the portions thereof to be redeemed and the fact and date of such redemption.

* Preliminary, subject to change.
101482721.9

Any optional redemption of the 2021 Series A Bonds and notice thereof may be rescinded and cancelled as described further under the caption “—Notice of Redemption of 2021 Series A Bonds.”

Mandatory Redemption of 2021 Series A Bonds. The 2021 Series A Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2021 Series A Bonds, on each April 1 on and after April 1, 20__, and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. Mandatory Sinking Account Payments for 2021 Series A Bonds maturing on April 1, 20__ shall be due in such amounts and on such dates as follows:

<u>Redemption Date (April 1)</u>	<u>2021A Mandatory Sinking Account Payment</u>
*	
* Final maturity.	

Selection of 2021 Series A Bonds for Redemption. The Commission will designate which maturities of any 2021 Series A Bonds are to be called for optional redemption pursuant to the Senior Indenture. In the event 2021 Series A Bonds that are Term Bonds are designated for optional redemption pursuant to the Senior Indenture, the Commission may designate the Mandatory Sinking Account Payments or portions thereof, that are to be reduced as allocated to such redemption.

If the 2021 Series A Bonds are registered in book-entry only form, and so long as DTC or a successor Securities Depository is the sole registered owner of the 2021 Series A Bonds, if less than all of the 2021 Series A Bonds of a maturity are called for prior redemption pursuant to the Senior Indenture at any one time, the particular 2021 Series A Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the 2021 Series A Bonds are held in book-entry form, the selection for redemption of such 2021 Series A Bonds shall be made in accordance with the operational arrangements of DTC then in effect that at issuance provided for adjustment of the principal by a factor provided pursuant to DTC operational arrangements. If the Senior Trustee does not provide the necessary information and identify the redemption as on a “Pro Rata Pass-Through Distribution of Principal” basis, the 2021 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures. Redemption allocations made by DTC, direct or indirect participants in DTC or such other intermediaries that may exist between the Commission and the Beneficial Owners are to be made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. If the DTC operational arrangements do not allow for the redemption of the 2021 Series A Bonds on a “Pro Rata Pass-Through Distribution of Principal” basis as described above, then the 2021 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures. If the 2021 Series A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2021 Series A Bonds will be effected by the Senior Trustee among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular 2021 Series A Bonds to be redeemed shall be determined by the Senior Trustee, using such method as it shall deem fair and appropriate.

Notice of Redemption for the 2021 Series A Bonds. Each notice of redemption of 2021 Series A Bonds shall be mailed by the Senior Trustee, not less than twenty (20) nor more than ninety (90) days prior to the redemption date, to each Holder of 2021 Series A Bonds and each of the Repositories. A copy of such notice shall also be provided to each of the Notice Parties with respect to the 2021 Series A

Bonds. Notice of redemption to the Holders of 2021 Series A Bonds, the Repositories and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the 2021 Series A Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Senior Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2021 Series A Bonds of such maturity, if any, to be redeemed and, in the case of 2021 Series A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said 2021 Series A Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2021 Series A Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2021 Series A Bonds be then surrendered at the address or addresses of the Senior Trustee specified in the redemption notice. Neither the Commission nor the Senior Trustee shall have any responsibility for any defect in the CUSIP number that appears on any 2021 Series A Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Commission nor the Senior Trustee shall be liable for any inaccuracy in such CUSIP numbers. Failure by the Senior Trustee to give notice to any Notice Party or any one or more of the Repositories or failure of any Holder, any Notice Party or any Repository to receive notice or any defect in any such notice shall not affect the sufficiency or validity of the proceedings for redemption.

Conditional Notice of Redemption; Rescission for the 2021 Series A Bonds. With respect to any notice of optional redemption of 2021 Series A Bonds, unless, upon the giving of such notice, such 2021 Series A Bonds shall be deemed to have been paid pursuant to the terms of the Senior Indenture, such notice is to state that such redemption will be conditional upon the receipt by the Senior Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such 2021 Series A Bonds to be redeemed, and that if such amounts shall not have been so received said notice will be of no force and effect and the Commission will not be required to redeem such 2021 Series A Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption will not be made and the Senior Trustee will within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Senior Trustee in the manner in which the notice of redemption was given. Any notice of redemption given pursuant to the Senior Indenture may be rescinded by written notice given to the Senior Trustee by the Commission and the Senior Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to the Senior Indenture.

Effect of Redemption for the 2021 Series A Bonds. Notice of redemption having been duly given pursuant to the Senior Indenture and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the 2021 Series A Bonds (or portions thereof) so called for redemption being held by the Senior Trustee, on the redemption date designated in such notice the 2021 Series A Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice, together with interest accrued thereon to the date fixed for redemption, interest on such 2021 Series A Bonds so called for redemption shall cease to accrue, and said 2021 Series A Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Senior Indenture, and the Holders of such 2021 Series A Bonds will have no rights in respect thereof except to receive payment of the Redemption Price and interest accrued to the date fixed for redemption from funds held by the Senior Trustee for such payment. All 2021 Series A Bonds redeemed pursuant to the provisions described herein shall be cancelled upon surrender.

Defeasance of the 2021 Series A Bonds. If the Commission defeases any 2021 Series A Bond, the 2021 Series A Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder may recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the 2021 Series A Bond. See "TAX MATTERS."

Redemption of 2021 Series B Bonds*

Optional Redemption of 2021 Series B Bonds. The 2021 Series B Bonds maturing on and after April 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after April 1, 20__, as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

Selection of 2021 Series B Bonds for Optional Redemption. The Commission shall designate which maturities of any 2021 Series B Bonds are to be called for optional redemption under the Subordinate Indenture. If less than all 2021 Series B Bonds maturing by their terms on any one date and bearing the same rate of interest are to be redeemed at any one time, the Subordinate Trustee shall select the 2021 Series B Bonds of such maturity date and rate to be redeemed by lot and shall promptly notify the Commission in writing of the numbers of the 2021 Series B Bonds so selected for redemption. For purposes of such selection, 2021 Series B Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event 2021 Series B Bonds that are 2021B Term Bonds are designated for optional redemption, the Commission may designate the 2021B Mandatory Sinking Account Payments under the Subordinate Indenture or portions thereof, that are to be reduced as allocated to such redemption.

"2021B Term Bonds" means the 2021 Series B Bonds payable at or before their specified maturity dates from 2021B Mandatory Sinking Account Payments pursuant to the Subordinate Indenture.

"2021B Mandatory Sinking Account Payments" means the payments required to be made by the Commission pursuant to the Subordinate Indenture for the payment of the 2021B Term Bonds.

Mandatory Redemption of 2021 Series B Bonds. The 2021 Series B Bonds maturing on April 1, 20__ are 2021B Term Bonds are subject to mandatory redemption from 2021B Mandatory Sinking Account Payments for such 2021 Series B Bonds, on each April 1 on and after April 1, 20__, and in the principal amount equal to the 2021B Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. 2021B Mandatory Sinking Account Payments for 2021 Series B Bonds maturing on April 1, 20__ shall be due in such amounts and on such dates as follows:

Redemption Date (April 1)	2021B Mandatory Sinking Account Payment

*

* Final maturity.

* Preliminary, subject to change.
101482721.9

If less than all 2021 Series B Bonds maturing by their terms on any one date are to be redeemed at any one time with 2021B Mandatory Sinking Account Payments, the Subordinate Trustee shall select the 2021 Series B Bonds of such maturity date to be redeemed by lot, and the Subordinate Trustee shall promptly notify the Commission in writing of the numbers of the 2021 Series B Bonds so selected for redemption. For purposes of such selection, 2021 Series B Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

Notice of Redemption for the 2021 Series B Bonds. Each notice of redemption of 2021 Series B Bonds shall be mailed by the Subordinate Trustee, not less than twenty (20) nor more than ninety (90) days prior to the redemption date, to each Holder of 2021 Series B Bonds and the Municipal Securities Rulemaking Board made through the Electronic Municipal Market Access (EMMA) website of the MSRB (the “Repository”). A copy of such notice shall also be provided to each of the parties (each a “Notice Party” and collectively, the “Notice Parties”) with respect to the 2021 Series B Bonds provided in the Subordinate Indenture. Notice of redemption to the Holders of 2021 Series B Bonds, the Repository and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the 2021 Series B Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Subordinate Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2021 Series B Bonds of such maturity, if any, to be redeemed and, in the case of 2021 Series B Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said 2021 Series B Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2021 Series B Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2021 Series B Bonds be then surrendered at the address or addresses of the Subordinate Trustee specified in the redemption notice. Neither the Commission nor the Subordinate Trustee shall have any responsibility for any defect in the CUSIP number that appears on any 2021 Series B Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Commission nor the Subordinate Trustee shall be liable for any inaccuracy in such CUSIP numbers. Failure by the Subordinate Trustee to give notice to any Notice Party or the Repository or failure of any Holder, any Notice Party or the Repository to receive notice or any defect in any such notice shall not affect the sufficiency or validity of the proceedings for redemption.

Conditional Notice of Redemption; Rescission for the 2021 Series B Bonds. With respect to any notice of optional redemption of 2021 Series B Bonds delivered pursuant to the Subordinate Indenture, unless, upon the giving of such notice, such 2021 Series B Bonds shall be deemed to have been paid within the meaning of the Subordinate Indenture, such notice shall state that such redemption shall be conditional upon the receipt by the Subordinate Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such 2021 Series B Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and the Commission shall not be required to redeem such 2021 Series B Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Subordinate Trustee shall within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Subordinate Trustee in the manner in which the notice of redemption was given. Any notice given pursuant to the Subordinate Indenture may be rescinded by written notice given to the Subordinate Trustee by the Commission and the Subordinate Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to the Subordinate Indenture.

In connection with any optional redemption of the 2021 Series B Bonds, the Commission shall give the Subordinate Trustee written notice at least 30 days (or such lesser time period acceptable to the Subordinate Trustee) before any date fixed for redemption, designating the maturity or maturities of the 2021 Series B Bonds to be redeemed, the portions thereof to be redeemed and the fact and date of such redemption. Any optional redemption of the 2021 Series B Bonds and notice thereof may be rescinded and cancelled as provided in the Subordinate Indenture.

Effect of Redemption for the 2021 Series B Bonds. Notice of redemption having been duly given under the Subordinate Indenture, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the 2021 Series B Bonds (or portions thereof) so called for redemption being held by the Subordinate Trustee, on the redemption date designated in such notice, the 2021 Series B Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the redemption date, interest on the 2021 Series B Bonds so called for redemption shall cease to accrue, said 2021 Series B Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture and the Holders of said 2021 Series B Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Subordinate Trustee for such payment and such funds are hereby pledged to such payment. All 2021 Series B Bonds redeemed pursuant to the provisions described herein shall be cancelled upon surrender.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS

Senior Indenture Pledge of Sales Tax Revenues

2021 Series A Bonds. The 2021 Series A Bonds are limited obligations of the Commission and are payable as to principal and interest exclusively from Revenues as defined in the Senior Indenture, consisting of Sales Tax Revenues and Swap Revenues, and all amounts, including proceeds of the 2021 Series A Bonds, held on deposit in the funds and accounts established under the Senior Indenture (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund), subject to the provision of the Senior Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Senior Indenture. “Sales Tax Revenues” means the amounts available for distribution to the Commission on and after July 1, 1988, on account of the Sales Tax after deducting amounts payable by the Commission to CDTFA for costs and expenses for its services in connection with the Sales Tax. The 2021 Series A Bonds are Senior Bonds secured by a lien on and pledge of Sales Tax Revenues pursuant to the Senior Indenture. See “THE SALES TAX” and APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The 2010 Series A Bonds were issued as “Build America Bonds,” of which \$338,960,000 is currently outstanding. The Commission expects to pay a portion of the interest on the 2010 Series A Bonds from a cash subsidy from the United States Treasury (the “Subsidy Payments”) pledged thereto under the Senior Indenture. The Commission covenants in the Senior Indenture to comply with all of the conditions to the receipt of the Subsidy Payments and the Senior Indenture provides that the Commission will cause the Subsidy Payments to be sent to the Senior Trustee for deposit to the Interest Fund. See “OUTSTANDING OBLIGATIONS – Sales Tax Revenue Bonds –2010 Series A Bonds” and “RISK FACTORS – Loss of Subsidy Payments.”

Subordinate Indenture Pledge of Sales Tax Revenues

2021 Series B Bonds. The 2021 Series B Bonds are limited obligations of the Commission and are payable as to both principal and interest exclusively from the Revenues as defined in the Subordinate Indenture, consisting of Sales Tax Revenues and all amounts, including proceeds of the 2021 Series B Bonds, held on deposit in the funds and accounts established under the Subordinate Indenture (except for

amounts held in the 2021 Series B Bonds Rebate Fund), subject only to the provisions of the Subordinate Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. The 2021 Series B Bonds are Subordinate Obligations secured by a pledge of Sales Tax Revenues on parity with the other outstanding Subordinate Obligations pursuant to the Subordinate Indenture. See APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE.”

Limited Obligations

The Series 2021 Bonds do not constitute a debt or liability of the State, the County or any political subdivision of the State (other than the Commission to the extent of the pledge of revenues described above and in the Senior Indenture and Subordinate Indenture, as applicable) or a pledge of the full faith and credit of the State or of any political subdivision of the State. The credit or taxing power (other than as described in the Senior Indenture and the Subordinate Indenture, as applicable) of the Commission is not pledged, for the payment of the Series 2021 Bonds, their interest, or any premium due upon redemption of the Series 2021 Bonds. The Series 2021 Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Commission or any of its income or receipts, except the Sales Tax Revenues and certain other funds pledged under the Senior Indenture and the Subordinate Indenture as set forth therein.

Senior Revenue Fund; Allocation of Sales Tax Revenues under the Senior Indenture

Pursuant to the Senior Indenture, the Commission has assigned the Sales Tax Revenues to the Senior Trustee and shall cause the CDTFA to transmit the same directly to the Senior Trustee each month, net of the CDTFA administrative fee which is deducted quarterly. The Senior Trustee is required to deposit all Sales Tax Revenues in the Senior Revenue Fund, maintained and held in trust by the Senior Trustee under the Senior Indenture (the “Senior Revenue Fund”), when and as such Sales Tax Revenues are received by the Senior Trustee. The Sales Tax Revenues are to be received and held in trust by the Senior Trustee for the benefit of the Holders of the Senior Bonds and Parity Obligations and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Senior Indenture. Investment income on amounts held by the Senior Trustee (other than amounts held in the Interest Fund, the Series 2008 Bonds Reserve Fund to the extent of any deficiency therein, the Rebate Fund, a Letter of Credit Account or any Purchase Fund or Project Fund (each established under the Senior Indenture) or for which particular instructions are provided) will also be deposited in the Senior Revenue Fund.

If five days prior to any principal payment date, Interest Payment Date or mandatory redemption date the amounts on deposit in the Senior Revenue Fund, the Interest Fund, the Principal Fund, including the Sinking Accounts therein, and, as and to the extent applicable, any Bond Reserve Fund established in connection with a Series of Senior Bonds under the Senior Indenture with respect to the payments to be made on such upcoming date are insufficient to make such payments, the Senior Indenture provides that the Senior Trustee shall immediately notify the Commission, in writing, of such deficiency and direct that the Commission transfer the amount of such deficiency to the Senior Trustee on or prior to such payment date. The Commission covenants and agrees in the Senior Indenture to transfer to the Senior Trustee from any Revenues (as defined in the Senior Indenture) in its possession the amount of such deficiency on or prior to the principal, interest or mandatory redemption date referenced in such notice.

So long as any Senior Bonds remain Outstanding and Parity Obligations, Subordinate Obligations, Junior Subordinate Obligations and all other amounts payable under the Senior Indenture remain unpaid, in each month following receipt and deposit of the Sales Tax Revenues in the Senior Revenue Fund, the Senior Trustee is required under the Senior Indenture to set aside the moneys in the Senior Revenue Fund in the following respective funds, amounts and order of priority (provided that

deficiencies in any previously required deposit may be made up prior to the deposit to a fund subsequent in priority and further provided that set asides or transfers required with respect to outstanding Parity Obligations shall be made on a parity basis each month, as provided in the Senior Indenture):

1. Senior Interest Fund. The Senior Indenture requires the Senior Trustee to make monthly deposits in the Interest Fund (the “Senior Interest Fund”) in an amount equal to (a) one-sixth of the aggregate semiannual amount of interest becoming due and payable on Outstanding fixed interest rate bonds during the next ensuing six-months until the requisite semiannual amount of interest on all such bonds is on deposit, provided that the amounts set aside in such fund with respect to such Series of Senior Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on the first Interest Payment Date with respect to such fixed interest rate Series of Senior Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Variable Rate Indebtedness calculated, if the actual rate of interest is not known, at the interest rate specified by the Commission, or if the Commission has not specified an interest rate, at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one percent (1%); subject to such adjustments as are provided pursuant to the provisions of the Senior Indenture. See APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.” All Subsidy Payments received with respect to the 2010 Series A Bonds and all Swap Revenues received with respect to Interest Rate Swap Agreements that are Parity Obligations are to be deposited in the Senior Interest Fund and credited toward the above-described deposits.

2. Principal Fund; Sinking Accounts. The Senior Indenture also requires the Senior Trustee to make monthly deposits in the Principal Fund (the “Senior Principal Fund”) in an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Senior Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Senior Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts shall have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided, that if the Commission certifies to the Senior Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid.

If the Sales Tax Revenues shall not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts will be made on a proportionate basis, in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

No deposit need be made into the Senior Principal Fund so long as there is in such fund moneys sufficient to pay (i) the Bond Obligations of all Serial Bonds then Outstanding and maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Senior Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such 12-month period; provided that if the Commission certifies to the Senior Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. See APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.”

3. Bond Reserve Funds. The Senior Indenture also requires the Senior Trustee to make deposits to any of the Bond Reserve Funds established pursuant to the provisions of the Senior Indenture as soon as possible in each month in which any deficiency in any Bond Reserve Fund occurs, until the balance in such Bond Reserve Fund is at least equal to the applicable Bond Reserve Requirement. See APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.” The Series 2008 Bonds are currently the only Series of Bonds secured by a Bond Reserve Fund.

4. Subordinate Obligations Fund. The Senior Indenture also requires the Senior Trustee to establish a Subordinate Obligations Fund. The Senior Trustee shall deposit in the Subordinate Obligations Fund any Sales Tax Revenues remaining in the Revenue Fund after the transfers described in (1), (2) and (3) above and will transfer such Sales Tax Revenues to the Subordinate Trustee. After the Subordinate Trustee has made the required deposit of Sales Tax Revenues under any Subordinate Indenture, the Subordinate Trustee will transfer any remaining Sales Tax Revenues in accordance with the Subordinate Indenture. For a description of the funds and accounts under the Subordinate Indenture, see “– Subordinate Revenue Fund; Allocation of Sales Tax Revenues under the Subordinate Indenture” below and APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE – Allocation of Sales Tax Revenues.”

5. Fees and Expenses Fund. The Senior Indenture also requires the Senior Trustee to establish a Fees and Expenses Fund. At the direction of the Commission, after the transfers described above have been made, the Senior Trustee will deposit as soon as practicable in each month in the Fees and Expenses Fund amounts necessary for payment of fees, expenses and similar charges owing in such month or the following month by the Commission in connection with the Bonds or any Parity Obligation and amounts necessary for payment of fees, expenses, and similar charges owing in such month or the following month by the Commission in connection with Subordinate Obligations.

See APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for a more complete discussion of the flow of funds under the Senior Indenture.

Subordinate Revenue Fund; Allocation of Sales Tax Revenues under the Subordinate Indenture

As described above, the Senior Indenture requires the Senior Trustee to transfer Sales Tax Revenues deposited in the Subordinate Obligations Fund of the Senior Indenture to the Subordinate Trustee, to be applied as set forth in the Subordinate Indenture. In accordance with the Subordinate Indenture, so long as any 2021 Series B Bonds are Outstanding and all other amounts payable under the Subordinate Indenture remain unpaid, the Subordinate Trustee shall set aside in each month following

receipt of the Sales Tax Revenues the moneys in the Revenue Fund established under the Subordinate Indenture (the "Subordinate Revenue Fund") in the following respective funds (each of which the Subordinate Trustee shall establish, maintain and hold in trust for the benefit of the Holders of the 2021 Series B Bonds) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Subordinate Trustee may set aside or transfer amounts with respect to any outstanding Notes and Parity Debt as provided in the Subordinate Indenture and the proceedings for such Parity Debt delivered to the Subordinate Trustee pursuant to the Subordinate Indenture (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the 2021 Series B Bonds and such Notes and Parity Debt):

1. 2021 Series B Bonds Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Subordinate Trustee shall set aside in the 2021 Series B Bonds Interest Fund as soon as practicable in such month an amount equal to one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the 2021 Series B Bonds during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the 2021 Series B Bonds Interest Fund from the proceeds of the 2021 Series B Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such 2021 Series B Bonds is on deposit in such fund; provided that from the date of delivery of the 2021 Series B Bonds until the first Interest Payment Date with respect to such 2021 Series B Bonds the amounts set aside in such fund with respect to such 2021 Series B Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date. No deposit need be made into the 2021 Series B Bonds Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Date falling within the next six (6) months upon the 2021 Series B Bonds then Outstanding and on April 1 of each year any excess amounts in the 2021 Series B Bonds Interest Fund not needed to pay interest on such date shall be transferred to the Commission.

2. 2021 Series B Bonds Principal Fund. Following receipt of the Sales Tax Revenues in each month, the Subordinate Trustee shall deposit in the 2021 Series B Bonds Principal Fund as soon as practicable in such month an amount equal to at least one-twelfth of the aggregate yearly amount of principal payments, including without limitation the 2021B Mandatory Sinking Account Payments, becoming due and payable on the 2021 Series B Bonds having annual maturity dates within the next twelve (12) months; provided that if the Commission certifies to the Subordinate Trustee that any principal payments are expected to be refunded, or constitute Excluded Principal Payments to be paid from sources of funds other than Revenues, on or prior to their respective due dates, no amounts need be set aside towards such principal to be so refunded or paid.

No deposit need be made into the 2021 Series B Bonds Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the principal payments, including without limitation the 2021B Mandatory Sinking Account Payments, of the 2021 Series B Bonds issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months; provided that if the Commission certifies to the Subordinate Trustee that any principal payments are expected to be refunded, or constitute Excluded Principal Payments to be paid from sources of funds other than Revenues, on or prior to their respective due dates, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than April 1 of each year, the Subordinate Trustee shall request from the Commission a Certificate of the Commission setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the

reason therefor. On April 1 of each year or as soon as practicable thereafter any excess amounts in the 2021 Series B Bonds Principal Fund not needed to pay principal on such date shall be transferred to the Commission.

If five (5) days prior to any Interest Payment Date the amounts on deposit in the 2021 Series B Bonds Interest Fund with respect to the payments to be made on such upcoming date from Revenues are insufficient to make such payments, the Subordinate Trustee shall immediately notify the Commission, in writing, of such deficiency and direct that the Commission transfer the amount of such deficiency to the Subordinate Trustee on or prior to such payment date. The Commission hereby covenants and agrees to transfer to the Subordinate Trustee from any Revenues in its possession the amount of such deficiency on or prior to the Interest Payment Date referenced in such notice.

If fifteen (15) days prior to any principal payment date or date on which a 2021B Mandatory Sinking Account Payment is due the amounts on deposit in the 2021 Series B Bonds Principal Fund with respect to the payments to be made on such upcoming date from Revenues are insufficient to make such payments, the Subordinate Trustee shall immediately notify the Commission, in writing, of such deficiency and direct that the Commission transfer the amount of such deficiency to the Subordinate Trustee on or prior to such payment date. The Commission hereby covenants and agrees to transfer to the Subordinate Trustee from any Revenues in its possession the amount of such deficiency on or prior to the principal payment date referenced in such notice.

See APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE” for a more complete discussion of the flow of funds under the Subordinate Indenture.

No Bond Reserve Fund for the Series 2021 Bonds

No Bond Reserve Fund will be established for the 2021 Series A Bonds under the Senior Indenture or for the 2021 Series B Bonds under the Subordinate Indenture. The Series 2008 Bonds Reserve Fund is not available to pay debt service on the Series 2021 Bonds.

Issuance of Additional Series of Senior Bonds

The Commission may by Supplemental Indenture to the Senior Indenture establish one or more Series of additional Senior Bonds payable from Sales Tax Revenues and secured by the pledge made under the Senior Indenture equally and ratably with all other Senior Bonds Outstanding under the Senior Indenture, but only upon compliance by the Commission with certain provisions of the Senior Indenture. Some applicable provisions of the Senior Indenture are described below:

(a) No Event of Default shall have occurred and then be continuing;

(b) If the Supplemental Indenture providing for the issuance of such Series of additional Senior Bonds requires either (i) the establishment of a Bond Reserve Fund to provide additional security for such Series of Senior Bonds or (ii) that the balance on deposit in an existing Bond Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of Senior Bonds of such Series, to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Senior Bonds and all other Senior Bonds secured by such Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Senior Bonds, the supplemental indenture providing for the issuance of such additional Series of Senior Bonds shall require deposit of the amount necessary. Such deposit may be made from the proceeds of the sale of Senior Bonds of such Series or from other funds of the Commission or from both such sources or in the form of a Reserve Facility as described under APPENDIX C-1 –

“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions” and “Establishment and Application of Funds and Accounts – Funding and Application of Bond Reserve Funds.”

(c) The aggregate principal amount of Bonds issued under the Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture;

(d) The Commission shall have placed on file with the Senior Trustee a Certificate of the Commission, certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Senior Bonds will become outstanding was equal to at least 2.0 times Maximum Annual Debt Service (as defined in the Senior Indenture) on all Series of Senior Bonds and Parity Obligations then Outstanding and the additional Series of Senior Bonds then proposed to be issued. For purposes of calculating Maximum Annual Debt Service, principal and interest payments on Obligations are excluded to the extent such payments are to be paid from Revenues then held on deposit by the Senior Trustee or from other amounts on deposit, including Investment Securities and interest to be payable thereon, with the Senior Trustee or other fiduciary in escrow specifically therefor and interest payments are excluded to the extent that such interest payments are to be paid from the proceeds of Obligations, including Investment Securities and interest to be payable thereon, held by the Senior Trustee or other fiduciary as capitalized interest specifically to pay such interest or from pledged Subsidy Payments the Commission expects to receive;

(e) Principal payments of each additional Series of Bonds shall be due on April 1 or October 1 in each year in which principal is to be paid if and to the extent deemed practical in the reasonable judgment of the Commission with regard to the type of Bond to be issued, and, if the interest on such Series of Bonds is to be paid semiannually, such interest payments shall be due on April 1 and October 1 in each year to the extent deemed practical in the reasonable judgment of the Commission with regard to the type of Bond to be issued;

(f) The Commission shall deliver to the Trustee and the TIFIA Lender a Certificate of the Commission to the effect that (i) no Event of Default (as defined in the 2021 TIFIA Loan Agreement) has occurred and is then continuing, and (ii) no event has occurred and is then continuing that with the passage of time or the giving of notice will become an Event of Default hereunder or under the TIFIA Loan Agreement (as such terms are defined in the 2021 TIFIA Loan Agreement);

(g) While any TIFIA Bonds are Outstanding, the Commission shall provide to the Trustee and the TIFIA Lender, prior to the issuance of such additional Series of Bonds, a Certificate of the Commission certifying that the amount of Sales Tax Revenues collected during any 12 consecutive calendar months specified by the Commission within the most recent 18 calendar months immediately preceding the date on which such additional Series of Bonds will become outstanding shall have been at least equal to 1.15 times Total Maximum Annual Debt Service on all Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based; and

(h) The Commission shall certify to the Trustee and the TIFIA Lender that the issuance of any additional Bonds (other than Bonds issued or incurred for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds set forth in the Senior Indenture) will not, in and of itself, result in a downgrade below “A-” or “A3” or withdrawal of the then-existing credit rating of any TIFIA Bonds, as confirmed by the Nationally Recognized

Rating Agencies that provided the most recent ratings of such TIFIA Bonds at the request of the Commission.

Nothing in the Senior Indenture will prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Senior Bonds and pledging or otherwise providing, in addition to the security given or intended to be given by the Senior Indenture, additional security for the benefit of such additional Series of Senior Bonds or any portion thereof.

Issuance of Additional Obligations Under the Senior Indenture

As defined in the Senior Indenture, “Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Commission for borrowed money or the Initial Swaps, the Basis Rate Swap Overlays, or any other Interest Rate Swap Agreement (excluding, in each case, fees and expenses and termination payments on Interest Rate Swap Agreements which fees and expenses and termination payments shall be secured by a lien and charge on the Sales Tax Revenues subordinate to the lien and charge upon the Sales Tax Revenues which secures the Senior Bonds, Parity Obligations and payment of principal and interest on Subordinate Obligations) entered into in connection with a Series of Senior Bonds, in each case incurred in accordance with the provisions of the Senior Indenture described herein and having an equal lien and charge upon the Sales Tax Revenues and therefore payable on a parity with the Senior Bonds (whether or not any Senior Bonds are Outstanding).

The Commission may issue or incur additional Parity Obligations which will have, when issued, an equal lien and charge upon the Sales Tax Revenues, provided that the conditions to the issuance of such Parity Obligations set forth in the Senior Indenture are satisfied, including satisfaction of the coverage test described in paragraph (c) above under the caption “Issuance of Additional Series of Senior Bonds,” unless such Parity Obligations are being issued for refunding purposes, in which case the coverage test shall not apply.

Refunding of Senior Bonds

Refunding Bonds may be authorized and issued by the Commission under the Senior Indenture without compliance with the provisions of the Senior Indenture summarized above under paragraph (c) of the caption “Issuance of Additional Series of Senior Bonds,” provided that the Senior Trustee shall have been provided with a Certificate of the Commission to the effect that the Commission has determined one of the following: (i) that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds, or (ii) that the Commission expects a reduction in Debt Service on all Bonds Outstanding and all Parity Obligations outstanding to result from the refunding to be effected with the proceeds of such Refunding Bonds.

Issuance of Additional Subordinate Obligations Under the Subordinate Indenture

The Commission may by Supplemental Indenture to the Subordinate Indenture establish one or more additional Series of Notes or Parity Debt, payable from Revenues and secured by the pledge made under the Subordinate Indenture equally and ratably with the outstanding Notes and Parity Debt previously issued. As defined in the Subordinate Indenture, “Parity Debt” means amounts owing under any Support Agreement and any indebtedness, installment sale obligation, lease obligation or other obligation of the Commission for borrowed money or Interest Rate Swap Agreement having an equal lien and charge upon the Revenues and therefore payable on a parity with the Notes (whether or not any Notes are Outstanding); provided, however, that any payments with respect to an Interest Rate Swap Agreement which represent termination payments or unwinding payments shall not constitute Parity Debt and shall

be payable from Revenues on a subordinate basis. The Commission may issue, and the Issuing and Paying Agent or the Subordinate Trustee, as applicable, may authenticate and deliver to the purchasers thereof, Notes of any Series so established, or Parity Debt in such principal amount as shall be determined by the Commission, but only, with respect to each such additional Series of Notes or Parity Debt issued under the Subordinate Indenture after the Series B Notes, upon compliance by the Commission with the provisions of the Subordinate Indenture and any additional requirements set forth in such Supplemental Indenture and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Notes or Parity Debt:

(a) No Event of Default shall have occurred and then be continuing.

(b) The aggregate principal amount of Notes or Parity Debt authorized to be issued hereunder together with all outstanding Senior Lien Debt and Parity Debt shall not in combination with all outstanding debt obligations of the Commission exceed any limitation imposed by law or by any Supplemental Indenture or by Section 132309(b) of the Public Utilities Code of the State, and such Notes or Parity Debt have been duly and legally authorized for any lawful purpose of the Commission.

(c) The Commission shall place on file with the Subordinate Trustee and each Administrative Agent a Certificate of the Commission certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Notes or Parity Debt will become Outstanding shall have been at least equal to 1.5 times the amount of Maximum Annual Debt Service on all Senior Lien Debt, Notes and Parity Debt then outstanding and the additional Series of Notes or Parity Debt then proposed, which Certificate shall also set forth the computations upon which such Certificate is based.

In the event additional assets or revenues are included within the definition of “Senior Lien Revenues” by a Supplemental Indenture to the Subordinate Indenture, such additional assets or revenues shall be included in the calculations in subsection (c) above as if such additional assets or revenues had always been included in Senior Lien Revenues; provided that the consent of each Bank to such inclusion is obtained and Moody’s and S&P each confirm that inclusion of such revenues will not cause a reduction or withdrawal of any rating then in effect with respect to the Notes.

For purposes of the Subordinate Indenture, the term “Revenues” means all (i) all Sales Tax Revenues; (ii) all Swap Revenues and (iii) such additional sources of revenue pledged to pay the Senior Lien Debt under the Senior Indenture; but excluding all amounts which are required by the terms of the Senior Indenture to be used to pay the principal of or interest on, or reserve requirements with respect to, Senior Lien Debt; provided that the Commission by Supplemental Indenture may provide for additional revenues or assets of the Commission to be included in the definition of Revenues under the Subordinate Indenture.

“Bank” means a provider or the providers of a Support Facility securing a Series of Notes.

“Notes” means the Commission’s Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, the Subordinate Indenture.

“Senior Lien Debt” means the Senior Bonds and Parity Obligations issued in accordance with the requirements of the Senior Indenture and the provisions thereof.

Refunding of Subordinate Obligations

Under the Subordinate Indenture, refunding debt may be authorized and issued by the Commission without compliance with the provisions of described under “Issuance of Additional Series of

Subordinate Notes or Parity Debt Under the Subordinate Indenture” above; provided that no Note, Advance or Bank Loan shall be deemed to constitute refunding debt and provided further that Debt Service on all Senior Lien Debt, Notes and Parity Debt outstanding following the issuance of such refunding debt is less than or equal to Debt Service on all Senior Lien Debt, Notes and Parity Debt outstanding prior to the issuance of such refunding debt. Such refunding debt may be issued as Senior Lien Debt in accordance with the provisions set forth in the Senior Indenture or as Parity Debt in accordance with the provisions set forth in the Subordinate Indenture.

FINANCING PLAN

General

The Commission will apply the proceeds of the 2021 Series A Bonds to: (i) advance refund the Targeted 2014 Series A Bonds not tendered and (ii) pay the costs of issuing the 2021 Series A Bonds. The Commission will apply the proceeds of the 2021 Series B Bonds to: (i) pay for the costs of the Project (see “– The Project” below), (ii) purchase Targeted 2014 Series A Bonds tendered pursuant to the Tender Offer, if any, and (iii) pay the costs of issuing the 2021 Series B Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.” The Targeted 2014 Series A Bonds consist of the 2014 Series A Bonds maturing in the years 2025 through 2039, inclusive.

Tender and Purchase of Targeted 2014 Series A Bonds

The Commission, with the assistance of Wells Fargo Securities and BofA Securities, Inc., as dealer managers, has released its Tender Offer. As described in the Tender Offer, the Commission has invited owners of a portion of the 2014 Series A Bonds to tender such bonds for purchase by the Commission in accordance with the terms set forth in the Tender Offer. Based on the outcome of the Tender Offer, some of the Commission’s outstanding 2014 Series A Bonds may be (i) purchased pursuant to the Tender Offer, (ii) be refunded as described below in “– Refunding” or (iii) remain Outstanding.

Refunding of Targeted 2014 Series A Bonds

All or a portion of the Outstanding Targeted 2014 Series A Bonds listed on the following table, if they are not tendered to the Commission, may be refunded with a portion of the proceeds from the 2021 Series A Bonds.

POTENTIAL REFUNDED BONDS*

	Bond	Maturity Date	Interest Rate	Par Amount	Redemption Date	Redemption Price
2014 Series A:	Serial	4/1/2025	5.000%	\$ 6,785,000	4/1/2024	100
	Serial	4/1/2026	5.000	7,120,000	4/1/2024	100
	Serial	4/1/2027	5.000	7,480,000	4/1/2024	100
	Serial	4/1/2028	5.000	7,850,000	4/1/2024	100
	Serial	4/1/2029	5.000	8,245,000	4/1/2024	100
	Serial	4/1/2030	5.000	8,655,000	4/1/2024	100
	Serial	4/1/2031	5.000	9,090,000	4/1/2024	100
	Serial	4/1/2032	5.000	9,545,000	4/1/2024	100
	Serial	4/1/2033	5.000	10,020,000	4/1/2024	100
	Serial	4/1/2034	5.000	10,525,000	4/1/2024	100
	Serial	4/1/2035	5.000	11,050,000	4/1/2024	100
	Serial	4/1/2036	5.000	11,600,000	4/1/2024	100
	Serial	4/1/2037	5.000	12,180,000	4/1/2024	100
	Serial	4/1/2038	5.000	12,790,000	4/1/2024	100
	Serial	4/1/2039	5.000	13,430,000	4/1/2024	100
Total				\$146,365,000		

_____, certified public accountants (the “Verification Agent”), will deliver a report stating that the firm has verified the accuracy of mathematical computations concerning the adequacy of the amounts deposited in the Escrow Account to refund the Refunded Bonds on the Redemption Date. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

The Project

The Project consists of the TransNet Early Action Program (the “TransNet EAP”) and includes various highway and transit improvements in the Interstates 5, 15, 805 State Route 52 and 76 corridors; implementation of the Mid-Coast Light Rail and Mid-City Rapid Transit projects; trolley vehicle and station upgrades along the Blue and Orange Lines; and double tracking improvements in the coastal rail corridor. As of the date of this Official Statement, the Mid-Coast Corridor Transit Project is approximately 85% completed.

The Commission may use some or all of the 2021 Series B Bond proceeds on other transportation projects, as permitted by applicable law.

* Preliminary, subject to change.
101482721.9

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of proceeds of the Series 2021 Bonds and other available amounts are shown below:

Estimated Sources of Funds:	2021 Series A Bonds	2021 Series B Bonds
Principal Amount	\$	\$
Other Available Funds		
[Net] Bond Premium (Discount)		
Total	<u>\$</u>	<u>\$</u>
Estimated Uses of Funds:		
Project Fund Deposit	\$	\$
Purchase of 2014 Series A Bonds ⁽¹⁾		
Refunding Escrow Deposit		
Underwriters' Discount		
Costs of Issuance ⁽²⁾		
Total	<u>\$</u>	<u>\$</u>

⁽¹⁾ Amount for purchase of Targeted 2014 Series A Bonds tendered pursuant to Tender Offer. See "FINANCING PLAN - Tender and Purchase."

⁽²⁾ Includes rating agency, municipal advisory, verification, legal and trustee fees, printing costs, costs associated with the Tender Offer and other miscellaneous expenses.

OUTSTANDING OBLIGATIONS

Senior Bonds

The following Series of Senior Bonds are Outstanding under the Senior Indenture.

Series 2008 Bonds. On March 27, 2008, the Commission issued its \$600,000,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, 2008 Series B, 2008 Series C and 2008 Series D (collectively, the "Series 2008 Bonds") in the aggregate principal amount of \$600,000,000. The Series 2008 Bonds have a final stated maturity of April 1, 2038. The Series 2008 Bonds are currently Outstanding in the aggregate principal amount of \$402,300,000. The Series 2008 Bonds are variable rate demand obligations and currently bear interest at a weekly interest rate. The Commission entered into certain Initial Swaps in connection with the Series 2008 Bonds, pursuant to which the Commission pays fixed rates and receives variable rates. See "OUTSTANDING OBLIGATIONS – Interest Rate Swap Agreements." A portion of the proceeds of the Series 2012 Bonds described below refunded \$151.5 million of the Series 2008 Bonds and a corresponding notional amount of the Initial Swaps were terminated. The Series 2008 Bonds are currently the only Series of Senior Bonds secured by a Bond Reserve Fund under the Senior Indenture.

Series 2008 Bonds Reserve Fund. Pursuant to the Senior Indenture, there has been established the Series 2008 Bonds Reserve Fund to be maintained by the Senior Trustee as a pooled reserve fund for the 2008 Reserve Fund Eligible Bonds. The Series 2008 Bonds Reserve Fund is currently funded in the amount of \$21,841,581.93. The "2008 Reserve Fund Eligible Bonds" are the Series 2008 Bonds and any other Series of Additional Bonds or Refunding Bonds or portions thereof (in each case, payable on a parity with the Series 2008 Bonds from, and secured as to payment on a parity with the Series 2008 Bonds by the Revenues and other funds) issued and designated, by a Supplemental Indenture, to be secured by and entitled to the pledge and benefit of the Series 2008 Bonds Reserve Fund. The

Commission has not designated any outstanding Senior Bonds, other than the Series 2008 Bonds as 2008 Reserve Fund Eligible Bonds.

2010 Series A Bonds. On November 10, 2010, the Commission issued its \$338,960,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) (the “2010 Series A Bonds”). The 2010 Series A Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048. The 2010 Series A Bonds are currently outstanding in the aggregate principal amount of \$338,960,000. On November 10, 2010, the Commission issued its \$11,040,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B. On February 19, 2020, the Commission refunded in full the outstanding 2010 Series B Bonds with a portion of the proceeds of the 2020 Series A Bonds.

The 2010 Series A Bonds were issued as “Build America Bonds” bearing taxable interest rates that were expected to be offset by a cash subsidy from the United States Treasury (the “Subsidy Payments”) pledged thereto under the Indenture. The amount of any Subsidy Payments to be received in connection with the 2010 Series A Bonds is subject to change by the federal government. On March 1, 2013, the federal government announced the implementation of certain automatic spending cuts known as “sequestration.” Future reductions in Subsidy Payments may occur due to the sequester, but the Commission is unable to predict the amount or duration of such reductions. Further, Subsidy Payments will only be paid if the 2010 Series A Bonds continue to qualify as Build America Bonds. The Commission does not believe that failure to receive the Subsidy Payments in whole or in part will materially and adversely impact the Commission’s ability to pay debt service on the 2010 Series A Bonds or other obligations. See “RISK FACTORS – Loss of Subsidy Payments.”

Series 2012 Bonds. On June 14, 2012, the Commission issued its \$420,585,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A (the “Series 2012 Bonds”). The Series 2012 Bonds are currently Outstanding in the aggregate principal amount of \$40,935,000. The Series 2012 Bonds are fixed rate bonds. Proceeds of the Series 2012 Bonds refunded a portion of the Series 2008 Bonds in the aggregate principal amount of \$151,500,000. A portion of the 2019 Series A Bonds refunded a portion of the Series 2012 Bonds in the aggregate principal amount of \$246,910,000. The final maturity of the Series 2012 Bonds remaining outstanding is April 1, 2022.

Series 2014 Bonds. On September 10, 2014, the Commission issued its \$350,000,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2014 Series A. The 2014 Series A Bonds are currently Outstanding in the aggregate principal amount of \$17,420,000. The 2014 Series A Bonds are fixed rate bonds. A portion of the 2019 Series A Bonds refunded a portion of the 2014 Series A Bonds in the aggregate principal amount of \$155,335,000. The final maturity of the 2014 Series A Bonds remaining outstanding is April 1, 2039. The Commission intends to purchase some or all of the Targeted 2014 Series A Bonds tendered pursuant to the Tender Offer and refund any remaining Targeted 2014 Series A Bonds upon the delivery of the Series 2021 Bonds. See “FINANCING PLAN – Refunding of Targeted 2014 Series A Bonds.”

Series 2016 Bonds. On August 17, 2016, the Commission issued its \$325,000,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2016 Series A (the “Series 2016 Bonds”). The Series 2016 Bonds are currently Outstanding in the aggregate principal amount of \$307,880,000. The Series 2016 Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048.

2019 Series A Bonds. On December 19, 2019, the Commission issued its \$442,620,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2019 Series A (Taxable) (the “2019 Series A Bonds”). The 2019 Series A Bonds are currently Outstanding in full. The 2019 Series A Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048.

2020 Series A Bonds. On February 19, 2020, the Commission issued its \$74,820,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2020 Series A (Green Bonds) (the “2020 Series A Bonds”). The 2019 Series A Bonds are currently Outstanding in full. The 2020 Series A Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048.

Additional Senior Obligations. The Commission may issue additional Senior Bonds and may issue or incur other obligations secured in whole or in part by a pledge of Sales Tax Revenues on a parity with the Senior Bonds and the regularly scheduled payments on the Initial Swaps (as defined herein), the Basis Swap Overlays (as defined herein) and any other Interest Rate Swap Agreements (as defined herein), subject to compliance with the terms and provisions set forth in the Senior Indenture.

Interest Rate Swap Agreements

Initial Swaps. In November 2005, the Commission entered into three interest rate swap agreements (the “Initial Swaps”) in an initial aggregate notional amount of \$600,000,000, or \$200,000,000 each. The Initial Swaps became effective as of April 1, 2008, and the notional amounts amortize in tandem with the amortization of the Series 2008 Bonds. The Commission’s obligation to make regularly scheduled payments to the counterparties under the Initial Swaps is payable from and secured by Sales Tax Revenues on a parity basis with the Senior Bonds. None of the Initial Swaps obligates the Commission to post any collateral.

Pursuant to the terms of the Initial Swaps, the Commission agreed to pay to the counterparties a fixed rate of interest and the counterparties agreed to pay the Commission a floating rate of interest on the first day of each month, commencing May 1, 2008. Under certain conditions, the Initial Swaps may be terminated, at which time the Commission may be required to make a termination payment to the applicable counterparty. Termination payments payable in accordance with the provisions of the Initial Swaps are secured by a lien on the Sales Tax Revenues subordinate to the lien which secures the Senior Bonds, any parity obligations allowed pursuant to the Senior Indenture and other Subordinate Obligations, including the 2021 Series B Bonds, the 2018 Short-Term Notes, the 2021 Short-Term Notes and the Subordinate Commercial Paper Notes. A portion of the proceeds of the Series 2012 Bonds refunded \$151.5 million of the Series 2008 Bonds and a corresponding notional amount of the Initial Swaps were terminated. As of _____, 2021, if the Initial Swaps were terminated in full, the Commission would owe approximately \$ _____.

The swap counterparties under the Initial Swaps, the fixed rate of interest paid by the Commission, and the floating rate of interest paid by the swap counterparties are as follows:

<u>Name of Counterparty</u>	<u>Current Notional Amount</u>	<u>Rate</u>	<u>Floating Rate Received by Commission</u>
Goldman Sachs Mitsui Marine Derivative Products, L.P.	\$134,100,000	3.8165%	USD SIFMA Swap Index
Bank of America, N.A.	\$134,100,000	3.8165%	USD SIFMA Swap Index
Bank of America, N.A.	\$134,100,000	3.4100%	65% of USD One-Month LIBOR

Basis Rate Swap Overlays. In March 2009, the Commission entered into two SIFMA/LIBOR floating-to-floating swaps (the “Basis Rate Swap Overlays”), each with Barclays Bank PLC (“Barclays”) and each with the initial notional amount of \$156,600,000. Pursuant to the terms of the Basis Rate Swap Overlays, the Commission agreed to pay to Barclays the SIFMA Swap Index and Barclays agreed to pay

the Commission 107.4% of 3-month LIBOR on the first day of each month, commencing on May 1, 2018. The Commission's obligation to make regularly scheduled swap payments to Barclays under the Basis Rate Swap Overlays is payable from and secured by Sales Tax Revenues on parity with the Senior Bonds. Under certain circumstances, the Basis Rate Swap Overlays may be terminated, at which time the Commission may be required to make a termination payment to the applicable counterparty. As of _____, 2021, if the Basis Rate Swap Overlays were terminated in full, the Commission would receive approximately \$_____. Under the terms of the Basis Rate Swap Overlays, the Commission may terminate the agreement and cash settle with prior written notice. Termination payments payable in accordance with the provisions of the Basis Rate Swap Overlays are secured by a lien on the Sales Tax Revenues subordinate to the lien that secures the Senior Bonds, any parity obligations and Subordinate Obligations.

LIBOR Retirement. The Financial Conduct Authority ("FCA") of the United Kingdom, which has regulated LIBOR since April of 2013, has announced its intention to retire the benchmark interest rate setting mechanism ("LIBOR Retirement"). FCA has announced it will consult on its intention to cease the publication of the one week and two month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. Extending the publication of certain USD LIBOR tenors until June 30, 2023 is expected to allow most legacy USD LIBOR contracts to mature before LIBOR experiences disruptions. Certain agreements that rely on LIBOR without an alternative index upon LIBOR Retirement may need to be amended with the consent of the parties and/or bondholders. The Commission is reviewing its agreements and take appropriate action as the situation with respect to LIBOR Retirement develops. The Commission cannot predict the financial implications, if any, from LIBOR Retirement.

Liquidity Facilities

The 2008 Series A Bonds and the 2008 Series B Bonds are supported by a Standby Bond Purchase Agreement by and among JPMorgan Chase Bank, National Association, the Commission and the Senior Trustee, as amended, including by a Sixth Amendment to Standby Bond Purchase Agreement, dated March 1, 2017 (as amended, the "JPMorgan Liquidity Facility"). The JPMorgan Liquidity Facility will expire on March 24, 2021, prior to the final maturity of the 2008 Series A Bonds and the 2008 Series B Bonds, unless extended or terminated in accordance with its terms. The Commission's staff is currently working on securing an extension to the JPMorgan Liquidity Facility.

The 2008 Series C Bonds are supported by a Standby Bond Purchase Agreement dated as of November 1, 2017 (the "Bank of America Liquidity Facility"), by and among Bank of America, N.A., the Commission and the Senior Trustee. The Bank of America Liquidity Facility will expire on November 2, 2021, prior to the final maturity of the 2008 Series C Bonds, unless extended or terminated in accordance with its terms.

The 2008 Series D Bonds are supported by a Standby Bond Purchase Agreement by and among State Street Bank and Trust Company, the Commission and the Senior Trustee (the "State Street Liquidity Facility" and, together with the JPMorgan Liquidity Facility and the Bank of America Liquidity Facility, the "2008 Liquidity Facilities" and each a "2008 Liquidity Facility"). The State Street Liquidity Facility will expire on June 4, 2024, prior to the final maturity of the 2008 Series D Bonds, unless extended or terminated in accordance with its terms.

The Commission is unable to predict the cost or availability of alternate credit or liquidity arrangements to replace any of the 2008 Liquidity Facilities upon their expiration or termination. See "RISK FACTORS – Acceleration of Liquidity Facility Bonds."

Subordinate Obligations

The following Series of Subordinate Obligations are Outstanding under the Subordinate Indenture.

2021 Short-Term Notes (Limited Tax Bonds). On April 18, 2018, the Commission issued its \$537,480,000 Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A (the “2018 Short-Term Notes”) pursuant to the Subordinate Indenture, to finance or refinance certain costs of the Commission’s Mid-Coast Corridor Transit Project. On March ____, 2021*, the 2018 Short-Term Notes are expected to be repaid in full upon the issuance of the Commission’s \$_____* Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (the “2021 Short-Term Notes”). The 2021 Short-Term Notes are due on October 1, 2022* and will not be subject to redemption prior to their maturity.

The Commission does not expect to collect and retain Sales Tax Revenues in an amount sufficient to pay the principal of the 2021 Short-Term Notes at maturity. Instead, the Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of a draw on the loan made under the TIFIA Loan Agreement, described below under “– *Junior Subordinate TIFIA Loan.*”

Subordinate Commercial Paper Notes and CP Letter of Credit. In 2005, the Commission authorized the issuance from time to time of Subordinate Commercial Paper Notes secured by a lien on the Sales Tax Revenues that is subordinate to the lien of the Bonds and any Parity Obligations. The total principal amount of Subordinate Commercial Paper Notes that are authorized to be issued may not exceed \$100,000,000. As the date of this Official Statement, \$53,488,000 in aggregate principal amount of Subordinate Commercial Paper Notes was outstanding. The payment of principal of and interest on the Subordinate Commercial Paper Notes up to \$100,000,000 is supported by an irrevocable, transferable direct-pay letter of credit issued by Bank of America, N.A. (the “CP Letter of Credit”). The CP Letter of Credit is stated to expire on September 10, 2021. The Commission’s obligation to reimburse Bank of America, N.A. for draws under the CP Letter of Credit is secured by a lien on the Sales Tax Revenues on a parity with the lien securing the Subordinate Commercial Paper Notes and the 2021 Short-Term Notes. Commission staff plans to recommend that the Commission increase the authorization of Subordinate Commercial Paper Notes to a maximum of \$200,000,000.

Under a Memorandum of Understanding, dated as of June 1, 2008 (the “Certificate Purchase MOU”), by and between the Commission and NCTD, the Commission agreed to issue \$34,000,000 in Subordinate Commercial Paper Notes to purchase outstanding Certificates of Participation evidencing payments by NCTD under a Lease Agreement, dated as of July 1, 2004 (the “NCTD Certificates”), the proceeds of which funded the NCTD “SPRINTER” rail line. Under the Certificate Purchase MOU, while the Commission holds the NCTD Certificates, they bear interest at a rate equal to the weighted average interest rate on the Subordinate Commercial Paper Notes and are subject to an amortization schedule of approximately level debt service payments through September 1, 2034, corresponding to the amortization schedule of an interest rate swap agreement NCTD entered into in connection with the NCTD Certificates. The Commission is not obligated to make any payments under such interest rate swap agreement. The NCTD Certificates are currently outstanding in an aggregate principal amount of \$21,750,000.

Additional Subordinate Obligations. Except to the extent restricted by the Senior Indenture, the Commission may issue or incur Subordinate Obligations secured by a pledge of Sales Tax Revenues on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the

* Preliminary, subject to change.
101482721.9

Senior Obligations, as the same become due and payable and at the times and in the manner as required by the Subordinate Indenture.

Junior Subordinate TIFIA Loan

On June 27, 2017, the Commission entered into a loan agreement (the “2017 TIFIA Loan Agreement”), pursuant to which the U.S. Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “TIFIA Lender”) agreed to make a junior and subordinate loan to the Commission in an amount not to exceed \$537,484,439. The 2017 TIFIA Loan had a fixed interest rate of 2.72% and a final maturity no later than October 1, 2045.

To achieve interest rate savings the Commission entered into a replacement TIFIA Loan Agreement with the TIFIA Lender on January 14, 2021 (the “TIFIA Loan Agreement”) and terminated the 2017 TIFIA Loan Agreement, which was not drawn. Pursuant to the TIFIA Loan Agreement the TIFIA Lender has agreed to extend credit to the Commission in the amount of \$537,484,439, plus up to five years of capitalized interest (the “Junior Subordinate TIFIA Loan”). The proceeds of the Junior Subordinate TIFIA Loan are expected to be applied to the payment of federally eligible costs of the Project, including repayment of the 2021 Short-Term Notes. The Junior Subordinate TIFIA Loan bears interest at a fixed rate of 1.75% and will mature no later than October 1, 2045. The Junior Subordinate TIFIA Loan is secured by a third lien pledge of Sales Tax Revenues that is subordinate to the liens and charges securing the Senior Bonds and the Subordinate Obligations. The Junior Subordinate TIFIA Loan is not secured by a springing lien.

The proceeds of the Junior Subordinate TIFIA Loan are expected to be fully drawn in a single disbursement no later than October 1, 2022, and such proceeds are expected to be applied to pay the 2021 Short-Term Notes on or prior to their maturity date. The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Bonds under the Senior Indenture, or Notes or other Parity Debt under the Subordinate Indenture or to otherwise obtain financing to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. See “RISK FACTORS – Availability of Funds to Pay the 2021 Short-Term Notes.”

For a description of certain provisions of the TIFA Loan Agreement, see APPENDIX C-3.

A copy of the TIFIA Loan Agreement may be found at:

<https://www.sandag.org/organization/about/investors/BondDocuments/BondOfficialStatements/2021TIFI A.pdf>.

PROJECTED DEBT SERVICE SCHEDULES

The following table shows the annual debt service requirements with respect to Outstanding Bonds.

[Remainder of page intentionally left blank.]

**PROJECTED DEBT SERVICE SCHEDULE
OUTSTANDING SENIOR AND SUBORDINATE BONDS***

Fiscal Year Ending June 30	Senior Lien			Subordinate Lien				Total Outstanding Senior and Subordinate Bonds*
	Outstanding Senior Bonds ^{(1) (2) (3)}	2021 Series A Bonds*	Total Outstanding Senior Bonds	Outstanding Commercial Paper ⁽⁴⁾	Short-Term Notes ^{(5) (6)*}	2021 Series B Bonds*	Total Outstanding Subordinate Bonds	
2021	\$ 99,658,956	-	\$ 99,658,956	\$ 6,463,333	\$20,499,200	-	\$26,962,533	\$ 126,621,489
2022	96,408,400	\$ 3,610,233	100,018,634	6,461,000	-	\$ 4,486,111	10,947,111	110,965,745
2023	99,434,400	3,420,221	102,854,621	6,459,500	5,644,189	4,250,000	16,353,689	119,208,310
2024	99,432,444	3,420,221	102,852,665	6,463,750	-	4,250,000	10,713,750	113,566,415
2025	92,665,306	13,535,221	106,200,527	6,463,250	-	4,250,000	10,713,250	116,913,777
2026	92,663,628	13,533,405	106,197,032	6,463,000	-	6,300,000	12,763,000	118,960,032
2027	92,662,313	13,535,721	106,198,034	6,462,750	-	6,302,500	12,765,250	118,963,284
2028	92,668,664	13,530,305	106,198,969	6,462,250	-	6,299,750	12,762,000	118,960,969
2029	92,677,780	13,532,625	106,210,405	6,461,250	-	6,301,750	12,763,000	118,973,405
2030	92,683,303	13,529,330	106,212,633	6,459,500	-	6,303,000	12,762,500	118,975,133
2031	92,767,017	13,531,990	106,299,007	6,461,750	-	6,303,250	12,765,000	119,064,007
2032	92,774,665	13,535,045	106,309,710	6,462,500	-	6,302,250	12,764,750	119,074,460
2033	92,783,260	13,532,789	106,316,049	6,461,500	-	6,299,750	12,761,250	119,077,299
2034	92,792,029	13,534,578	106,326,607	6,463,500	-	6,300,500	12,764,000	119,090,607
2035	92,804,645	13,534,514	106,339,159	6,463,000	-	6,304,000	12,767,000	119,106,159
2036	92,809,743	13,531,756	106,341,499	6,459,750	-	6,299,750	12,759,500	119,100,999
2037	92,818,392	13,530,418	106,348,810	6,463,500	-	6,302,750	12,766,250	119,115,060
2038	92,827,244	13,532,122	106,359,366	6,463,500	-	6,302,250	12,765,750	119,125,116
2039	92,611,500	13,533,744	106,145,244	6,459,500	-	6,303,000	12,762,500	118,907,744
2040	106,681,377	-	106,681,377	6,461,250	-	6,299,500	12,760,750	119,442,127
2041	106,647,526	-	106,647,526	6,463,000	-	6,301,500	12,764,500	119,412,026
2042	106,611,420	-	106,611,420	6,459,250	-	6,303,250	12,762,500	119,373,920
2043	106,578,267	-	106,578,267	6,459,750	-	6,299,250	12,759,000	119,337,267
2044	106,532,899	-	106,532,899	6,463,750	-	6,304,250	12,768,000	119,300,899
2045	106,495,560	-	106,495,560	6,460,500	-	6,302,250	12,762,750	119,258,310
2046	106,454,632	-	106,454,632	6,459,750	-	6,303,000	12,762,750	119,217,382
2047	106,418,886	-	106,418,886	6,460,750	-	6,300,750	12,761,500	119,180,386
2048	106,362,393	-	106,362,393	6,462,750	-	6,300,000	12,762,750	119,125,143
Totals	\$2,744,726,649	\$213,444,238	\$2,958,170,887	\$180,928,833	\$26,093,389	\$162,174,361	\$369,246,583	\$3,327,417,470

* Preliminary, subject to change.

(1) Interest on the Series 2008 Bonds is calculated based on the fixed interest rates payable by the Commission to the swap counterparties pursuant to the Initial Swaps; the fixed interest rates payable under the Initial Swaps range from 3.41% to 3.8165%.

(2) 2010 Series A Bonds projected debt service is net of Subsidy Payments. See "RISK FACTORS – Loss of Subsidy Payments."

(3) Excludes debt service associated with the Targeted Bonds, which are assumed for the purposes of this table to be advance refunded with proceeds of the Series 2021 Bonds. See "FINANCING PLAN – Refunding of Targeted 2014 Series A Bonds."

(4) Includes \$_____ million of commercial paper that is assumed to amortize for level debt service at an interest rate of ____% through Fiscal Year 2048.

(5) Excludes principal on the 2021 Short-Term Notes, which is expected to be repaid from a single draw on the Commission's 2017 TIFIA Loan (See - "Junior Subordinate TIFIA Loan").

(6) Includes estimated portion of interest on 2021 Short-Term Notes that is not capitalized, such amount is preliminary, and subject to change.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

General

The Commission was organized pursuant to the Act and is responsible for providing improvements to the transportation system and other public infrastructure systems in the County funded with the Sales Tax. To carry out this responsibility, the Commission adopted in 1987 the initial San Diego County Transportation Improvement Program Ordinance (Commission Ordinance 87-1 – Proposition A, 1987) (referred to herein as the “1987 Ordinance”). In 2004, the Commission adopted the San Diego County Transportation Improvement Program *TransNet* Ordinance and Expenditure Plan (Commission Ordinance 04-01), referred to herein as the “2004 Sales Tax Extension Ordinance,” which provides for an extension of the retail transactions and use tax implemented by the initial 1987 Ordinance for a 40-year period commencing on April 1, 2008. See “– The Expenditure Plan” below. The Commission Board is composed of the SANDAG Board of Directors. However, the liabilities of SANDAG are not liabilities of the Commission. SANDAG employees carry out the work of the Commission. The Commission has no employees.

On January 1, 2003, Senate Bill 1703 took effect, changing the structure of SANDAG from a Joint Powers Authority to a State-created regional government agency. The effect of this legislation was to make SANDAG a permanent rather than voluntary association of local governments and to increase SANDAG’s responsibilities and powers. The SANDAG Board of Directors consists of voting representatives from the County and 18 incorporated cities within the County. Supplementing these voting members are advisory representatives from Imperial County, the U.S. Department of Defense, Caltrans, San Diego Unified Port District, MTS, NCTD, San Diego County Water Authority, Southern California Tribal Chairmen’s Association, and Mexico. Policy Advisory Committees assist the SANDAG Board of Directors in carrying out the agency’s work program. The SANDAG Board of Directors is also assisted by a professional staff of approximately 250 planners, engineers, research specialists, and supporting staff. Senate Bill 1703 also required the consolidation of the planning, programming, project development, and construction functions of MTS and NCTD into SANDAG. SANDAG is responsible for transit planning, project implementation, and construction of regional transit projects in the County. Neither the Commission nor SANDAG operates transit services. Transit operations in the County are the responsibility of MTS and NCTD.

On October 9, 2015, the SANDAG Board of Directors adopted the 2050 Regional Transportation Plan (“2050 RTP”), which describes a plan for investing local, State and federal transportation funds expected to come into the region over the next 40 years. Per California Assembly Bill 1730 (Gonzales-Fletcher, 2019) the 2050 RTP, as well as its sustainable communities strategy and environmental impact, will remain in effect for all purposes under State law until SANDAG adopts its next update to its regional transportation plan on or before December 31, 2021. While work progresses on the regional transportation plan update, SANDAG prepared a 2019 Federal Regional Transportation Plan (2019 Federal RTP) that complies with federal requirements for the development of regional transportation plans, retains air quality conformity approval from the U.S. Department of Transportation, and preserves funding for the region’s transportation investments. The SANDAG Board of Directors anticipates considering an update to the 2050 RTP in late 2021.

Reducing greenhouse gas emissions is a major goal for the State of California, and the nation. Rising emissions, chiefly carbon dioxide from the burning of fossil fuels, are increasing average temperatures around the globe. And those emissions are leading to numerous changes, including rising sea levels and shifting weather patterns. In the southwestern United States, climate scientists project that the effects of climate change include increasingly higher temperatures and more intense and frequent droughts, among other consequences.

Sustainable Communities Strategy

Along with the 2050 RTP, the Board adopted the Sustainable Communities Strategy (“SCS”). SANDAG’s target in the 2050 RTP is to reduce the region’s per capita emissions of greenhouse gases from cars and light trucks by 13 percent per capita by 2035. Five strategies are being employed consistent with the SCS in the region to foster sustainability.

- A land use pattern that accommodates the region’s future employment and housing needs, and protects sensitive habitats, cultural resources, and resource areas.
- A transportation network of public transit, Managed Lanes and highways, local streets, bikeways, and walkways built and maintained with reasonably expected funding.
- Managing demands on the transportation system (also known as Transportation Demand Management, or TDM) in ways that reduce or eliminate traffic congestion during peak periods of demand.
- Managing our transportation system (also known as Transportation System Management, or TSM) through measures that maximize the overall efficiency of the transportation network.
- Innovative pricing policies and other measures designed to reduce the number of miles people travel in their vehicles, as well as traffic congestion during peak periods of demand.

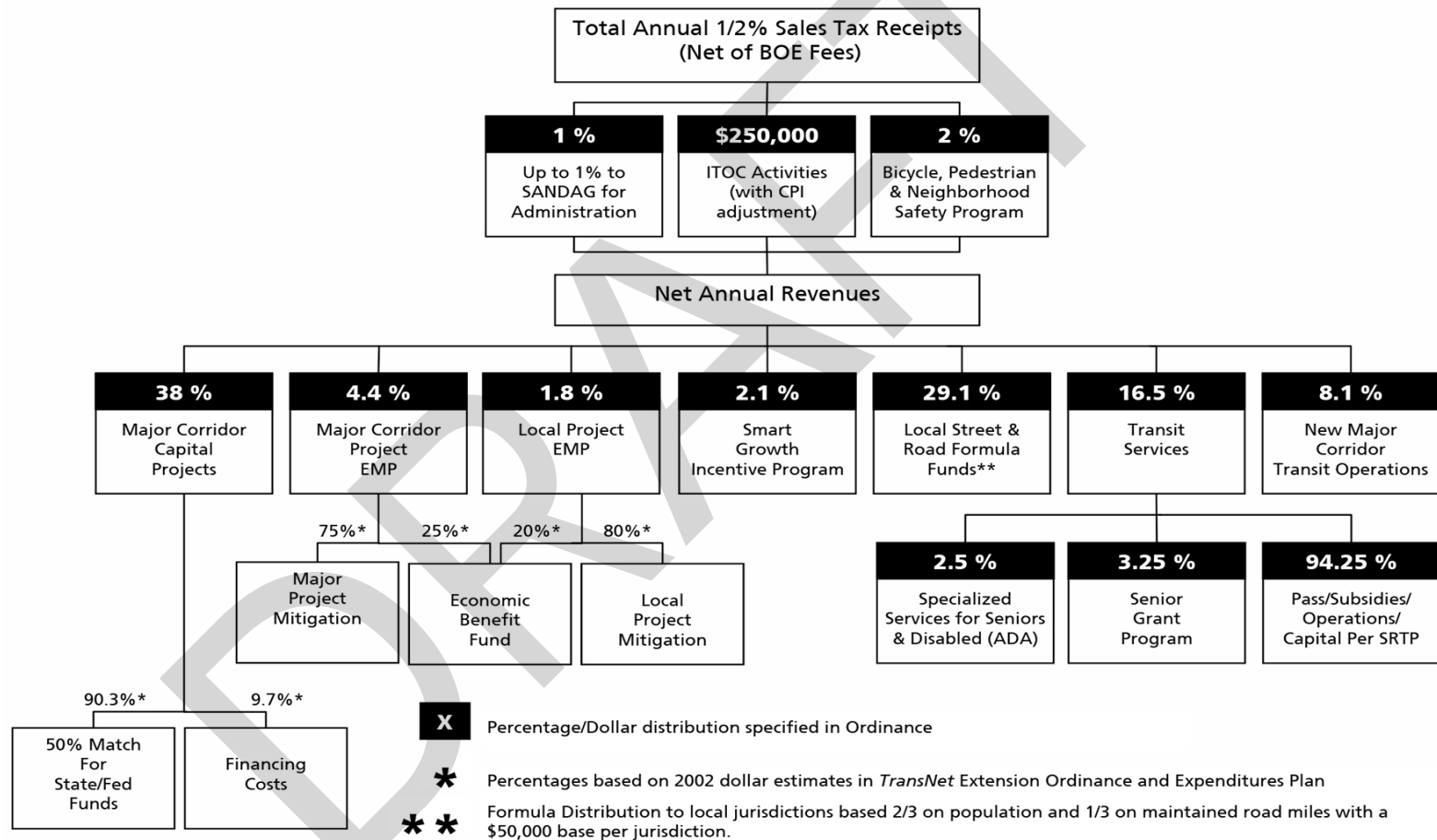
The Expenditure Plan

The 1987 Ordinance and the 2004 Sales Tax Extension Ordinance each outline a series of projects (together, the “Expenditure Plan”) to be completed during the term of the Sales Tax. The Expenditure Plan may be found at:

https://www.sandag.org/uploads/publicationid/publicationid_1283_6596.pdf.

The Expenditure Plan is not incorporated herein by reference. The Ordinance specifies that Sales Tax Revenues are to be applied according to the following diagram.

[Remainder of page intentionally left blank.]



To implement the Expenditure Plan, the Commission annually adopts finance plan updates (each, a “*TransNet* Plan of Finance”) that describe major program revenue, cost and project budget and schedule assumptions. Each *TransNet* Plan of Finance adopted by the Commission sets forth projected cash flow and borrowing requirements during the term of the program covered by such plan.

The *TransNet* Early Action Program (depicted in the map entitled “*TransNet* Early Action Program at the front of this Official Statement”) includes various highway and transit improvements in the Interstates 5, 15, 805 corridors; State Route 52 and 76 corridors; implementation of the Mid-Coast Light Rail Project; trolley vehicle and station upgrades along the Blue and Orange Lines; and double tracking improvements in the coastal rail corridor to be financed by the proceeds of Bonds, Sales Tax Revenues, and eligible federal, state, and local revenues.

In response to changing conditions, the *TransNet* Plan of Finance is updated on an annual basis. The update includes the latest project cost estimates, actual revenues received, and estimated revenue projections. The update allows the Commission to assess the strength of the program and appropriate changes to the implementation of the Project. In response to economic conditions during which costs have decreased while sales tax collections have increased, the Board has accelerated projects to take advantage of a construction bid environment offering bids significantly below engineering estimates. During periods when costs were rising faster than revenues, the Commission has deferred the implementation of certain projects to allow the *TransNet* Plan of Finance to remain focused on the highest priority projects.

The SANDAG Board of Directors was presented with a *TransNet* Program Update at its February 22, 2019 meeting, continuing the implementation of major transportation projects in the region.

As a guiding principle, the Commission’s primary borrowing is focused on capital programs: (1) Major Corridor Capital Projects; (2) Major Corridor Environmental Mitigation Program (“EMP”); and (3) Local Project EMP. The remaining Sales Tax Revenues are allocated to current expenses for the remaining programs. From time to time, at the request of member agencies (local jurisdictions), the Commission may borrow for local street and road capital improvements, with the debt service for these improvements paid from each respective agency’s share of Local Street & Road Formula Funds.

Future Financings

The Commission manages the implementation of its capital program based on project readiness and the availability of federal and State funds, and may advance or slow down the delivery of projects in response to current conditions. No assurance can be given regarding the amount of additional Senior Bonds and Subordinate Obligations that may be issued by the Commission in the future, subject to the limitations of the Indenture and the Subordinate Indenture, respectively. The Commission currently expects to issue an aggregate amount of additional Senior Bonds in the range of \$___ to \$___ million through calendar year 2025.

The Commission is also authorized to issue up to \$100,000,000 in the aggregate principal amount of Subordinate Commercial Paper Notes. See “OUTSTANDING OBLIGATIONS – Subordinate Commercial Paper Notes and CP Letter of Credit.” Commission staff plans to recommend that the Commission increase the authorization of Subordinate Commercial Paper Notes to a maximum of \$200,000,000.

Executive Staff

The SANDAG staff serves as staff to the Commission. Key staff members, the position held by each and a brief statement of the background of each staff member are set forth below.

Hasan Ikhrata, *Executive Director*. Hasan Ikhrata is the Executive Director of SANDAG appointed to such position in December 2018. Mr. Ikhrata has more than 30 years of experience in the

arena of Transportation Planning in the Southern California Region, in both the public and private sector. As Executive Director of SANDAG, Mr. Ikhata directs day-to-day operations of the agency and implements policies set by its governing board. In addition, he is the Executive Officer of the SANDAG Service Bureau, the nonprofit public benefit corporation chartered by SANDAG. Mr. Ikhata holds a Bachelor's and a Master's Degree in Civil and Industrial Engineering from Zaporozhye University in the former Soviet Union, a Master's Degree in Civil Engineering from UCLA, and a PhD Candidacy in Urban Planning and Transportation from the University of Southern California in Los Angeles. Mr. Ikhata is an adjunct professor in the business school at California State University, Northridge. Prior to joining SANDAG in 2018, Mr. Ikhata worked for the Southern California Association of Governments (SCAG), Los Angeles County Metropolitan Transportation Authority (MTA) and South Coast Air Quality Management District (SCAQMD).

John F. Kirk, General Counsel. Mr. Kirk was appointed General Counsel for SANDAG and the Commission in January 2012. Mr. Kirk was originally hired by SANDAG as Deputy General Counsel in June 2006. Between 1990 and 2006 Mr. Kirk served the City of San Diego as a Deputy City Attorney. Mr. Kirk holds a Bachelors' degree from Wabash College and a Juris Doctorate from Pepperdine University's School of Law.

André Douzjian, Director of Finance. Mr. Douzjian serves as SANDAG's Director of Finance and directs all financial and budgeting functions for SANDAG and the Commission. Mr. Douzjian returned to SANDAG in June of 2012. During the previous 12 years, Mr. Douzjian worked in the capacity of Chief Financial Officer for two privately-held staffing companies, where he was a co-founder and shareholder of those businesses. Prior to that, Mr. Douzjian was the Financial Services Manager at SANDAG, a position that he held for almost ten years, from 1991 to 2000. Prior to his employment at SANDAG, Mr. Douzjian was a Senior Accountant for KPMG, LLP, a certified accounting firm. Mr. Douzjian received a Bachelor of Business Administration (B.A.) degree in Accounting in 1988 from the University of San Diego and a Master's degree in Business Administration (M.B.A.) with an emphasis in Finance in 1996 from San Diego State University and is a Certified Public Accountant. Mr. Douzjian is a member of the Government Finance Officers Association.

Ray Traynor, Chief Strategy and Innovation Officer. Mr. Traynor's responsibilities include regional planning, transportation modeling, mobility management and innovation. Prior to joining SANDAG in 2012, Ray served as Vice President General Manager of Axiom xCell, a software development company, where he managed all aspects of the business. Prior to joining Axiom xCell, Mr. Traynor served as SANDAG's Manager of Mobility which included overseeing the agency's toll operations; demand management and intelligent transportation systems programs. Prior to his experience at SANDAG, Ray was a Product Manager at Novatel Wireless (now Inseego Corp.), a global provider of solutions for the Internet of Things and fleet telematics markets; in this role Ray managed the development of wireless data modems. Earlier in his career, Ray worked at Caltrans where he served as Project Manager and was responsible for the delivery of the region's Border Capital Program, which included leading the development of State Route 7 and State Route 905. Mr. Traynor holds a Master's degree in Business Administration from San Diego State University, and a Bachelor's degree in Landscape Architecture from Cal Poly San Luis Obispo.

Jim Linthicum, Chief Capital Programs and Regional Services Officer. Mr. Linthicum is responsible for the implementation of SANDAG's \$9 billion capital improvement program and the management of regional services such as toll operations on I-15 and SR-125, regional transportation demand management services such as carpool/vanpool programs and freeway service patrol, and the region's Automated Regional Justice Information System (ARGIS). Mr. Linthicum has over 40 years' experience delivering transportation programs and projects. Prior to joining SANDAG, Mr. Linthicum was employed by the San Diego Metropolitan Transit System and the California Department of Transportation for 24 years. Mr. Linthicum holds a B.S. degree in Civil Engineering from the Pennsylvania State University and successfully completed the Engineering and Management program at the University of California Los Angeles.

Ray Major, Chief Data Analytics Officer and Chief Economist. Mr. Major originally joined SANDAG in 1987 as a Research Analyst and economist responsible for SANDAG's econometric and economic impact models, custom analytic research projects, and for developing the San Diego region's comprehensive Economic Prosperity Strategy. He left SANDAG in 1994 and joined the Nielsen companies where he served as a senior executive holding numerous positions including Chief Marketing Officer, Chief Customer Officer, and product strategist. Mr. Major oversaw the product development of Claritas, a major provider of demographic and segmentation data. As General Manager of Integras, he ran the division of Claritas specializing in Business Intelligence (BI) and predictive analytics, geo-spatial and economic modeling services. In 2010, Mr. Major moved to Halo BI, a state-of-the-art business intelligence and predictive modeling software and service provider where he served as CMO, COO, and CEO. Mr. Major rejoined SANDAG in 2015 where he now serves as the Chief Economist. Mr. Major holds both graduate and undergraduate degrees in economics from San Diego State University, with an emphasis in developmental economics, and econometrics.

José Nuncio, TransNet Director. Mr. Nuncio manages and directs the operations of the SANDAG TransNet Department and is responsible for the programming of federal, state, local and TransNet funds, revenue forecasts for the agency's long-range transportation plans, internal and external accountability and communication through the TransNet Dashboard and staffing for the Independent Taxpayer Oversight Committee. Mr. Nuncio joined SANDAG in April 2002 after spending more than 10 years with the California Department of Transportation at its San Diego District Office where he gained experience in the areas of programming, project management and development, and international border affairs. Mr. Nuncio received a Bachelor of Science (B.S.) in Aerospace Engineering from the University of Michigan in 1989 and a Master of Science (M.S.) in Structural Engineering in 1991 from the University of California at San Diego. Mr. Nuncio has been a Registered Civil Engineer in the State of California since 1995.

THE SALES TAX

Authorization, Application and Collection of the Sales Tax

The Commission is authorized by the Act to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County in accordance with California's Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251 *et seq.*), upon authorization by a majority of the electors voting on the issue. On November 3, 1987, the voters approved the 1987 Ordinance which imposed the Sales Tax in the County for a twenty-year period. On November 2, 2004, more than two-thirds of the voters approved the Sales Tax Extension Ordinance which, among other things, extended the collection of the tax to March 31, 2048. The Ordinance imposes the Sales Tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and upon the storage, use or other consumption in the County of such property purchased from any retailer for storage use or other consumption in the County, subject to certain limited exceptions described below.

Collection of the Sales Tax is administered by the CDTFA, as successor to the BOE for this purpose. The CDTFA, after deducting a fee for administering the Sales Tax, remits the remaining Sales Tax Revenues to the Senior Trustee which are then applied to satisfy the Commission's obligations with respect to the Senior Bonds and Parity Obligations. The remaining Sales Tax Revenues are then remitted to the Subordinate Trustee for the Commission's Subordinate Obligations, including the 2021 Short-Term Notes and the Subordinate Commercial Paper Notes. After payment of debt service requirements on the Subordinate Obligations, any remaining unapplied Sales Tax Revenues are then remitted to the Subordinate Trustee for payment of certain fees and expenses and the Junior Subordinate TIFIA Loan and thereafter to the Commission. The fee charged by the CDTFA is determined by the CDTFA pursuant to statute. The fee charged by the CDTFA to the Commission for collection of the Sales Tax for Fiscal Year 2019-20 was \$3,119,030. The fee that the CDTFA is authorized to charge for collection of the Sales Tax is determined by State legislation and may be increased or decreased by legislative action. There can be no assurances that the amount of this fee or the method for determining the amount of the fee will remain

the same. The CDTFA collects and subsequently distributes sales and use tax revenues to sales taxing jurisdictions such as the Commission. The CDTFA disburses sales taxes three times a quarter. For a given quarter the first two monthly payments correspond to an estimated advance plus the current distributions processed during the month. The third monthly payment then trues-up the total quarterly allocation against payments disbursed in the prior two months, net of administrative fees. The methodology for calculating the estimated advances has been recently improved to more closely track actual tax receipts and to accelerate the allocations to sales taxing jurisdictions such as the Commission. The methodology includes 2 steps. First, the CDTFA calculates the share of a jurisdiction's total allocation for in the same quarter of the prior year. Second, this share is applied to the total prepayment collected in the current month.

The Sales Tax is imposed in addition to a 7.25 percent sales and use tax levied statewide by the State and local sales tax measures enacted by cities, as described below under “– Other Sales Taxes Imposed in the County.” In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State, subject to certain exceptions.

Many categories of transactions are exempt from the Statewide sales and use tax and from the Sales Tax. The most important are: sales of food products for home consumption; prescription medicine; edible livestock and their feed; seed and fertilizer used in raising food for human consumption; and gas, electricity and water when delivered to consumers through mains, lines, and pipes. In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt from the statewide sales and use tax and from the Sales Tax. Action by the State legislature or by voter initiative could change the transactions and items upon which the Statewide sales and use tax and the Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The Commission is not currently aware of any proposed legislative change, which would have a material adverse effect on Sales Tax Revenues. See also “RISK FACTORS – Proposition 218.”

Historical Sales Tax Revenues

Annual Sales Tax Revenues. The Commission began receiving distributions of the Sales Tax from the BOE in June 1988. The CDTFA now handles most of the taxes and fees previously collected by the BOE. The following table shows the Sales Tax remitted to the Commission during the Fiscal Years ended June 30, 1990 through June 30, 2020.

[Remainder of page intentionally left blank.]

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
HISTORICAL SALES TAX REVENUES**

<u>Fiscal Year Ended June 30</u>	<u>Sales Tax Revenues⁽¹⁾</u>	<u>% Change From Prior Fiscal Year</u>
1990	\$113,758,624	--
1991	109,806,529	(3.5)%
1992	106,105,958	(3.4)
1993	111,783,116	5.4
1994	111,461,846	(0.3) ⁽²⁾
1995	114,303,387	2.5
1996	123,511,934	8.1
1997	131,592,528	6.5
1998	145,754,155	10.8
1999	156,909,677	7.7
2000	172,274,619	9.8
2001	189,795,888	10.2
2002	192,836,199	1.6
2003	200,600,386	4.0
2004	213,230,634	6.3
2005	228,562,785	7.2
2006	243,317,789	6.5
2007	247,924,304	1.9
2008	244,406,219	(1.4)
2009	221,991,360	(9.2)
2010	204,191,747	(8.0)
2011	221,304,014	8.4
2012	236,947,113	7.1
2013	247,221,162	4.3
2014	260,114,931	5.2
2015	268,840,549	3.4
2016	275,500,023	2.5
2017	284,456,260	3.3
2018	294,501,324	3.5
2019	312,303,669	6.0 ⁽³⁾
2020	305,851,214	(2.1)

⁽¹⁾ Cash basis, net of BOE/CDTFA administrative fee.

⁽²⁾ Reflects, in part, effect of increase in BOE administration fee in 1994.

⁽³⁾ In May 2018, CDTFA implemented a new automated system for processing, reporting, and distributing sales tax revenues to agencies throughout the State. As a result, several thousand tax returns were not processed in a timely manner. Approximately \$7 million of Fiscal Year 2018 revenue was recorded in Fiscal Year 2019. Assuming the \$7 million figure was properly accounted for in Fiscal Year 2018, annual sales tax revenues would have been \$301.5 million for Fiscal Year 2018 and \$305.3 million in Fiscal Year 2019.

Source: San Diego County Regional Transportation Commission.

Sales Tax Revenues for the Fiscal Year ended June 30, 2020 are approximately ____* times Maximum Annual Debt Service on the Outstanding Senior Bonds and approximately ____* times Maximum Annual Debt Service on the combined Senior and Subordinate Obligations, based on the debt service shown in the table "PROJECTED DEBT SERVICE SCHEDULE."

On April 3, 2020, the CDTFA announced a program that allows all businesses with less than \$5 million in annual taxable sales the ability to defer payment on up to \$50,000 in sales and use tax liability

* Preliminary, subject to change.

without incurring any penalties or interest. Under the program, qualifying businesses can enter into payment plans to distribute up to \$50,000 of sales tax liability over a 12-month period, interest-free. For taxpayers choosing to defer their 1st quarter 2020 liability, for example, up to \$50,000 of the obligation would now be paid in twelve equal monthly installments. The first payment was due on July 31, 2020. See “RISK FACTORS – COVID-19 Pandemic.”

Monthly Sales Tax Revenues. The following table presents Sales Tax Revenues remitted each month by CDTFA for the account of the Commission in the Fiscal Years ended June 30, 2019 and 2020 and ending June 30, 2021.

**MONTHLY SALES TAX DISBURSEMENTS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2020 AND ENDING JUNE 30, 2021**

Month	Fiscal Year Ended June 30, 2019⁽¹⁾⁽³⁾	Fiscal Year Ended June 30, 2020⁽¹⁾⁽²⁾	Year Over Year % Change (2020 v. 2019)	Fiscal Year Ending June 30, 2021⁽¹⁾⁽²⁾	Year Over Year % Change (2021 v. 2020)
July	\$ 24,659,716	\$ 29,354,890	19.0%	\$30,054,981	2.4%
August	22,950,125	23,334,037	1.7	23,241,853	0.4
September	24,709,504	26,713,941	8.1	28,184,070	5.5
October	31,809,475	30,751,885	(3.3)	33,250,387	8.1
November	27,896,830	25,441,663	(8.8)	21,727,813	(14.6)
December	27,056,790	25,442,731	(6.0)	27,118,087	6.6
January	26,345,902	25,559,448	(3.0)	27,774,372	8.7
February	27,031,941	37,094,485	37.2	-	-
March	26,003,652	22,984,289	(11.6)	-	-
April	26,170,697	22,498,364	(14.0)	-	-
May	22,874,423	15,411,299	(32.6)	-	-
June	24,794,614	21,264,183	(14.2)	-	-
Totals	\$312,303,669	\$305,851,214	(2.1%)	-	-

(1) Unaudited; cash basis; net of CDTFA administrative fee.

(2) See “RISK FACTORS – COVID-19 Pandemic.”

(3) In May 2018, CDTFA implemented a new automated system for processing, reporting, and distributing sales tax revenues to agencies throughout the State. As a result, several thousand tax returns were not processed in a timely manner. Approximately \$7 million of Fiscal Year 2018 revenue was recorded in Fiscal Year 2019, and so the growth forecast going forward will be calculated on a base of \$305.3 million, as opposed to the \$312.3 million collected.

Recent Developments Regarding Sales Tax Collection

In June 2018, the United States Supreme Court published its decision in *South Dakota v. Wayfair* (the “Wayfair Decision”), in which the Supreme Court held that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have physical nexus in a state in order for the seller to be liable for the collection of that state’s sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state.

The State of California has issued guidance in response to the Wayfair Decision. Under such guidance, retailers located outside of the State are required to register with the CDTFA, collect the California use tax, and pay the tax to the CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state. The new collection requirements apply to retailers if during the preceding or current calendar year certain sales thresholds are met. The new collection

requirements started to apply to taxable sales of tangible personal property to California consumers on and after April 1, 2019, and were not retroactive. Additionally, the State's passage of Assembly Bill 147, signed by the Governor on April 25, 2019, provides the implementation rules for the Wayfair Decision in California. The Commission is unable to predict the ultimate benefit that the Wayfair Decision may have on Sales Tax Revenues. Among the Commission's top Sales Tax generators, however, are companies that conduct sales only through the internet.

Other Sales Taxes Imposed in the County

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the 7.25 percent sales and use tax levied statewide by the State. The State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. See "RISK FACTORS – Other Sales Taxes."

In addition to the statewide sales and use tax and the Sales Tax, the following sales and use taxes are imposed in certain cities within the County. No portion of the statewide sales and use tax or the following taxes imposed in certain cities within the County are pledged to the repayment of the Series 2021 Bonds.

<u>Sales and Use Tax</u>	<u>Tax Rate</u>	<u>Effective Date</u>	<u>Termination Date</u>
City of Chula Vista	0.50%	04/01/17	03/31/26
City of Chula Vista	0.50	10/01/18	Upon Repeal
City of Del Mar	1.00	04/01/17	Ongoing
City of El Cajon Service Preservation Transactions and Use Tax	0.50	04/01/17	03/31/29
City of La Mesa Transactions and Use Tax	0.75	04/01/09	03/31/29
City of National City Transactions and Use Tax	1.00	10/01/06	09/30/16
City of Oceanside	0.50	04/01/19	03/31/26
City of Vista Transactions and Use Tax	0.50	04/01/07	03/31/37

Source: *California City and County Sales and Use Tax Rates* (October 1, 2020), CDTFA.

For information concerning historical taxable sales in the County, see the table entitled "County of San Diego, Taxable Sales Transactions" in APPENDIX A – "INFORMATION REGARDING THE COUNTY OF SAN DIEGO."

COMMISSION INVESTMENT PORTFOLIO

Funds of the Commission are invested pursuant to an investment policy adopted by the Commission Board, which permits the Commission to invest in some (but not all) of the types of securities authorized by State law for the investment of funds of local agencies. The securities in which the Commission currently is authorized to invest include United States treasury notes, bonds and bills, bonds, notes, bills, warrants and obligations issued by certain agencies of the United States, bankers acceptances, commercial paper of prime quality, certificates of deposit, medium term corporate notes, shares of beneficial interest issued by a California joint powers authority, the State's local agency investment fund, the San Diego County local agency investment fund, collateralized repurchase agreements, and other securities authorized under State law as appropriate for public fund investments and not specifically prohibited by the investment policy. The investment policy (which is subject to change in the future) does not allow investment in reverse repurchase agreements, mortgage interest strips, inverse floaters or securities lending or any investment that fails to meet the credit or portfolio limits of the investment policy at the time of investment.

Funds held by the Senior Trustee and the Subordinate Trustee are invested in Investment Securities (as defined in APPENDIX C-1 and APPENDIX C-2) in accordance with instructions from the Commission. The instructions from the Commission currently restrict those investments to investments permitted by the investment policy adopted by the Commission Board described above (except that the Senior Trustee and the Subordinate Trustee, respectively, are each permitted to invest a greater percentage of funds in specific securities than the investment policy would otherwise permit).

The value of the various investments in the portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Further, such values may vary based on credit quality, ratings, or other factors. Therefore, there can be no assurance that the values of the various investments in the portfolio will not vary significantly from the values described below. Further, the values specified in the following tables were based upon estimates of market values provided to the Commission by a third party as of June 30, 2020. Accordingly, there can be no assurance that if these securities had been sold on June 30, 2020, the portfolio would have received the values specified. In addition, under certain provisions of the Indenture, funds and accounts held under the Indenture must be invested in certain specified Investment Securities that include investment agreements and other investments not described above.

INVESTMENT PORTFOLIO INFORMATION **As of June 30, 2020**

Investments	Par Value	Market Value
Cash and Cash Equivalents	N/A	\$ 661,703,991.24
United States Agencies	\$190,551,000.00	195,478,001.48
Corporate Medium Term Notes	68,280,000.00	71,531,263.60
Supra-National Agency Bond/Note	24,675,000.00	24,879,834.40
Certificates of Deposit	6,405,000.00	6,431,653.76
Asset-Backed Securities	5,705,243.59	5,786,654.37
Certificates of Participation	23,050,000.00	23,050,000.00
TOTAL	<u>\$318,666,243.59</u>	<u>\$988,861,398.85</u>

Source: The Commission.

RISK FACTORS

U.S. Economic Recession; Economy of the County and the State

The Series 2021 Bonds are secured by a pledge of Sales Tax Revenues, which consist of the Sales Tax less an administrative fee paid to the CDTFA. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the County, which level of retail sales is, in turn, dependent upon the level of economic activity in the County and in the State generally.

On June 8, 2020, the National Bureau of Economic Research (“NBER”) declared that a recession in the United States commenced in February 2020. Reportedly, this was the fastest that NBER has declared any recession since the group began formal announcements in 1979. In announcing the recession, NBER said “[T]he unprecedented magnitude of the decline in employment and production, and its broad reach across the entire economy, warrants the designation of this episode as a recession . . .”

According to the Commissions economic staff, the COVID-19 related recession resulted in a sharp increase in unemployment in the County that is estimated to have peaked at 25% in early May 2020 and is currently hovering around 8%. Job losses have been concentrated in high contact sectors such as tourism, retail and education, which are estimated to account for 80% of the job losses in the region.

Traditional sectors like professional services, construction and finance have fared much better than in past recessions, while military has proven an essential buffer to the unemployment numbers in the County.

The Commission is unable to predict the duration or severity of the current economic recession. The recession may have a material adverse effect on the Commission's collection of Sales Tax Revenues, which may adversely affect the ability of the Commission to pay principal of and interest on the Series 2021 Bonds. For information relating to economic conditions within the County and the State, see APPENDIX A – "INFORMATION REGARDING THE COUNTY OF SAN DIEGO."

COVID-19 Pandemic

The Pandemic is currently affecting many parts of the world, including the United States and California. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, and then President Trump declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

At the onset of the pandemic in March 2020, the County of San Diego announced stay-at-home emergency orders, which directed individuals to stay home, except for limited travel for the conduct of essential services. Most retail establishments (including restaurants, bars and nightclubs, entertainment venues and gyms) were closed and large gatherings were banned in response to the order. The Governor of the State announced a similar emergency order effective for the entire State. Since the initial orders, the State and the County of San Diego have allowed limited reopening of retail establishments, at times under limitations such as only providing outdoor or curbside service, based on local performance against public health indicators. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread closings of businesses, universities and schools throughout the United States. On June 8, 2020, the National Bureau of Economic Research announced that the U.S. officially entered into a recession in February 2020. As of early December 2020, due to a sharp increase in COVID-19 cases and ICU hospitalizations, the State of California issued a new Regional Stay Home Order, which affected numerous counties in California including the County of San Diego.

As of [February 1, 2021], there have been over [217,000] confirmed cases of COVID-19 in the San Diego County, and officials expect the number of confirmed cases to continue to grow. Although the administration of several highly effective vaccines has begun across the United States, including California, the Commission cannot predict the speed with which vaccinations can occur, as well as any public health and associated economic impacts of subsequent variants and strains of COVID-19.

On March 4, 2020, the Governor of California (the "Governor") proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State's police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary.

Since declaring the emergency, the Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include his March 19, 2020 Executive Order N-33-20, which orders all individuals living in the State to stay home or at their place of residence except as needed to maintain continuity of operations of certain critical infrastructure sectors, as described in that order and later designations. In addition to the actions by the state and federal officials, certain local officials have declared a local state of emergency and have issued "shelter-in-place" orders. Many of these federal, state and local actions are focused on "social distancing," or limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and impacts enterprise operations and the economy.

The Governor issued Executive Orders N-29-20 and N-35-20 relaxing state and local agency open meeting laws to accommodate social distancing. The Commission expects to hold meetings of its Board of Directors unhindered by the Pandemic. As permitted under Executive Order N-33-20, certain of the Commission's employees may continue to come to work under designated exceptions for critical sectors and some of the Commission's employees are teleworking.

The Pandemic has negatively affected travel, commerce, investment values, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the County. While federal and state governments (including California) have enacted legislation and taken executive actions seeking to mitigate the negative public health and economic impacts of the Pandemic, the Commission offers no assurances that these interventions will have the intended effects.

These negative economic impacts may reduce or otherwise negatively affect Sales Tax Revenues. The consequences of the Pandemic are expected to continue to reduce economic activity within the County that generates Sales Tax Revenues. The Commission cannot accurately predict the magnitude of this impact on Sales Tax Revenues, but the impacts could be material and adverse.

On March 12, 2020, the Governor issued Executive Order N-25-20, requiring CDTFA, which administers sales and use taxes in the State, to use its administrative powers where appropriate to provide extensions for filing, payment, audits, billing, notices, assessments, claims for refund, and relief from subsequent penalties and interest to individuals and businesses impacted by complying with a state or local public health official's imposition or recommendation of social distancing measures related to COVID-19. On March 30, 2020, the Governor issued Executive Order N-40-20, which provided a three-month extension for tax returns and tax payments for all businesses filing a return for less than \$1,000,000 in taxes. Such extension remains effective through the reporting of taxes or fees due or the payment of taxes that are due on or before July 31, 2020. That order also extends the statute of limitations to file a claim for refund for taxes and fees administered by CDTFA and it extends the timeframe to file for appeal with CDTFA. On April 3, 2020, the Governor issued an Executive Order that allows all businesses with less than \$5 million in annual taxable sales the ability to defer payment on up to \$50,000 in sales and use tax liability without incurring any penalties or interest. Under the program, qualifying businesses can enter into payment plans to distribute up to \$50,000 of sales tax liability over a 12-month period, interest-free. For taxpayers choosing to defer their 1st quarter 2020 liability, for example, up to \$50,000 of the obligation would now be paid in twelve equal monthly installments. The first payment was not due until July 31, 2020.

The Commission continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the Commission. While the overall potential impact of the Pandemic on the Commission and Sales Tax Revenues cannot be quantified at this time, the adverse impact on Sales Tax Revenues could be material.

Legislative Changes

Action by the State legislature or by voter initiative could change the transactions and items upon which the Sales Tax is imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The State Legislature from time to time may adopt legislation that impacts the collection or the distribution of sales taxes or that otherwise may impact the operations or finances of the Commission. The Commission cannot predict whether any such legislation will negatively impact Sales Tax Revenues. The Commission is not currently aware of any proposed legislative change, which would have a material adverse effect on Sales Tax Revenues.

Other Sales Taxes

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the 7.25% sales and use tax levied statewide by the State. The State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the

statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. In addition, the Sales Tax is imposed generally on the same transactions and items subject to sales and use taxes levied by certain cities within the County. See “THE SALES TAX – Other Sales Taxes Imposed in the County.”

No Acceleration of Series 2021 Bonds

Neither the Senior Indenture nor the Subordinate Indenture contains a provision allowing for the acceleration of any Series 2021 Bonds. In the event of a default by the Commission, each Holder of a Series 2021 Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture and the Subordinate Indenture, respectively.

Acceleration of Liquidity Facility Bonds

The amortization period applicable to the Liquidity Facility Bonds may be accelerated under certain circumstances. “Liquidity Facility Bonds” are Series 2008 Bonds tendered for purchase and not successfully remarketed, that are then purchased by a Liquidity Provider pursuant to the applicable 2008 Liquidity Facility. Such Liquidity Provider purchases may occur as a result of, among other things, adverse market conditions leading to failed remarketings or the Commission’s inability to obtain replacement credit or liquidity arrangements upon the expiration or termination of the existing 2008 Liquidity Facilities. See “OUTSTANDING OBLIGATIONS – Liquidity Facilities.” The Commission’s obligation to reimburse the Liquidity Providers on account of their purchase of any of the Series 2008 Bonds may, under specified circumstances, be paid over a period of five years or, if earlier, by no later than the last day of the purchase period, and may, under certain circumstances, become immediately due and payable on the one hundred eightieth (180th) day following the date on which any Series 2008 Bond became a Liquidity Facility Bond. Liquidity Facility Bonds are payable on a parity with the Senior Bonds.

Parity with Variable Rate Bonds

The Series 2008 Bonds are variable rate bonds issued on parity with the 2010 Series A Bonds, the Series 2012 Bonds, the Series 2014 Bonds, the Series 2016 Bonds, the 2019 Series A Bonds, the 2020 Series A Bonds and the 2021 Series A Bonds. The calculation of interest on the Series 2008 Bonds is set weekly. Potential fluctuations in interest rates could result in higher net interest rates on the Series 2008 Bonds. The Series 2008 Bonds are subject to tender provisions and remarketing by the remarketing agents for such Series 2008 Bonds. Upon a failure to remarket the Series 2008 Bonds, the Series 2008 Bonds will be purchased pursuant to the 2008 Liquidity Facilities, in which event the Series 2008 Bonds could bear interest at materially higher interest rates. Furthermore, in the event of early termination of the Initial Swaps, the Commission would no longer receive the variable rate payments from the counterparties thereunder and the Commission may be liable for substantial termination fees which could have a material adverse effect on the Commission.

Loss of Subsidy Payments

The 2010 Series A Bonds were issued as “Build America Bonds.” The amount of any Subsidy Payments are subject to legislative changes by the United States Congress. On March 1, 2013, the federal government announced the implementation of certain automatic spending cuts known as “sequestration.” Future reductions in Subsidy Payments may occur due to the sequester, but the Commission is unable to predict the amount or duration of such reductions. Further, Subsidy Payments will only be paid if the 2010 Series A Bonds continue to qualify as Build America Bonds. For the 2010 Series A Bonds to remain Build America Bonds, the Commission must comply with certain covenants with respect to the 2010 Series A Bonds, the use and investment of proceeds thereof and the use of property financed thereby. Thus, it is possible that the Commission may not receive the Subsidy Payments. Subsidy Payments are also subject to offset against amounts that may, for unrelated reasons, be owed by the Commission to any agency of the United States of America. The Commission does not believe that failure to receive all or a

portion of the Subsidy Payments or any offset to the Subsidy Payments will materially and adversely impact the Commission's ability to pay interest on the 2010 Series A Bonds. The failure to receive all or any portion of the Subsidy Payment does not affect the Commission's obligation to pay debt service on the 2010 Series A Bonds.

Availability of Funds to Pay the 2021 Short-Term Notes

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Bonds, or Notes or other Parity Debt under the Senior Indenture or the Subordinate Indenture, as applicable, or to otherwise obtain financing to provide funds sufficient to pay the principal and interest of the 2021 Short-Term Notes on October 1, 2022. No assurance can be given that the Commission will satisfy all conditions to disbursement under the TIFIA Loan Agreement, or that the TIFIA Lender will honor a properly presented disbursement request under the TIFIA Loan Agreement. Moreover, in the event of a federal government shutdown of non-essential discretionary functions the TIFIA Lender would not be obligated to disburse funds under the TIFIA Loan Agreement. In addition, if the Commission is unable to obtain proceeds of the Junior Subordinate TIFIA Loan, no assurances can be given that capital markets access will be available for the Commission to issue Senior Bonds under the Senior Indenture, or Notes or other Parity Debt under the Subordinate Indenture, to repay the principal and interest of the 2021 Short-Term Notes on October 1, 2022.

Bankruptcy Considerations

The Commission may be authorized to file for Chapter 9 municipal bankruptcy under certain circumstances. Should the Commission file for bankruptcy, there could be adverse effects on the holders of the Series 2021 Bonds.

If the Sales Tax Revenues are "special revenues" under the Bankruptcy Code, then Sales Tax Revenues collected after the date of the bankruptcy filing should be subject to the lien of the Indenture. "Special revenues" are defined to include taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity. The Sales Tax was levied to finance the projects described in the San Diego County Transportation Improvement Program *TransNet* Ordinance and Expenditure Plan (under this caption, the "Projects"), and some of these Projects are described in broad terms. In addition, the Projects are not owned by the Commission. No assurance can be given that a court would not hold that the Sales Tax Revenues are not special revenues. Were the Sales Tax Revenues determined not to be "special revenues," then Sales Tax Revenues collected after the commencement of a bankruptcy case would likely not be subject to the lien of the Indenture. The holders of the Series 2021 Bonds may not be able to assert a claim against any property of the Commission other than the Sales Tax Revenues, and were these amounts no longer subject to the lien of the Indenture or the Subordinate Indenture, as applicable, following commencement of a bankruptcy case, then there could thereafter be no amounts from which the holders of the Series 2021 Bonds are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system from which the special revenues are derived, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. The law is not clear as to whether, or to what extent, Sales Tax Revenues would be considered to be "derived" from the Projects. To the extent that Sales Tax Revenues are determined to be both special revenues and derived from the Projects, the Commission may be able to use Sales Tax Revenues to pay necessary operating expenses connected with the Projects, before the remaining Sales Tax Revenues are turned over to the Senior Trustee or Subordinate Trustee to pay amounts owed to the holders of the Series 2021 Bonds. It is not clear precisely which expenses would constitute necessary operating expenses.

If the Commission is in bankruptcy, the parties (including the holders of the Series 2021 Bonds) may be prohibited from taking any action to collect any amount from the Commission or to enforce any obligation of the Commission, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Senior Trustee or Subordinate Trustee from making payments to the holders of the Series 2021 Bonds from funds in the Senior Trustee's or Subordinate Trustee possession. The procedure pursuant to which Sales Tax Revenues are paid directly by the CDTFA to the Senior Trustee may no longer be enforceable, and the Commission may be able to require the CDTFA to pay Sales Tax Revenues directly to the Commission.

The Commission as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause some Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case provided that the bankruptcy judicial determines that the rights of the Senior Trustee or Subordinate Trustee and the holders of the Series 2021 Bonds will be adequately protected. The Commission may also be able, without the consent and over the objection of the Senior Trustee or Subordinate Trustee and the holders of the Series 2021 Bonds, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Series 2021 Bonds, provided that the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2021 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Commission that could result in delays or reductions in payments on the Series 2021 Bonds, or result in losses to the holders of the Series 2021 Bonds. Regardless of any specific adverse determinations in a Commission bankruptcy proceeding, the fact of a Commission bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2021 Bonds.

Proposition 218

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution. Article XIII C requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Commission. In 2004, the Sales Tax Extension Ordinance received the approval of more than 2/3 of the voters as required by Article XIII C. However, Article XIII C also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Commission, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on the Series 2021 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will ultimately be determined by the courts.

Further Initiatives

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, which may affect the Commission's ability to levy and collect the Sales Tax.

Governance and Management – Changes in State Law

SANDAG was created in the 1970s as a Joint Powers Authority made up of various cities in the County of San Diego that desired to voluntarily carry out regional planning activities as a joint enterprise. SANDAG's governance structure was codified into State Law by State statute in 2002. The State Legislature can alter the governance and structure of SANDAG. On October 11, 2017, then Governor

Jerry Brown signed into law AB 805 which changed the voting mechanisms of the Board of Directors of SANDAG and provide additional audit requirements. The State Legislature can adopt further statutory changes that could materially impact the composition of the Board of Directors or composition of management, or impose new requirements or standards, any of which could cause material changes for SANDAG policy objectives or how it operates.

Cybersecurity

The Commission, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private or other electronic sensitive information, the Commission is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Commission's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

No assurances can be given that the security and operational control measures of the Commission will be successful in guarding against any and each cyber threat or breach. The cost of remedying damage or disruption caused by cyber-attacks could be substantial and in excess of any applicable insurance coverage.

Climate Change

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, wildfires will become more common and intense, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. Sea level rise may particularly impact coastal areas throughout California. The Commission cannot predict what impact climate change will have on Sales Tax Revenues in the future.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or, to the best knowledge of the Commission, threatened against the Commission concerning the validity of the Series 2021 Bonds. The Commission is not aware of any litigation pending or threatened against the Commission questioning the political existence of the Commission or contesting the Commission's ability to impose and collect the Sales Tax.

TAX MATTERS

2021 Series A Bonds

In the opinion of Bond Counsel, interest on the 2021 Series A Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2021 Series A Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the 2021 Series A Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX F – "PROPOSED FORM OF OPINION OF BOND COUNSEL."

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the 2021 Series A Bonds that acquire their 2021 Series A Bonds in the initial

offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2021 Series A Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the 2021 Series A Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their 2021 Series A Bonds pursuant to this offering for the issue price that is applicable to such 2021 Series A Bonds (i.e., the price at which a substantial amount of the 2021 Series A Bonds are sold to the public) and who will hold their 2021 Series A Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a 2021 Series A Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a 2021 Series A Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds 2021 Series A Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2021 Series A Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2021 Series A Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the 2021 Series A Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the 2021 Series A Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the 2021 Series A Bonds is less than the amount to be paid at maturity of such 2021 Series A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2021 Series A Bonds) by more than a de minimis amount, the difference may constitute original issue discount (“OID”). U.S. Holders of 2021 Series A Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of

cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

2021 Series A Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a 2021 Series A Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2021 Series A Bond.

Sale or Other Taxable Disposition of the 2021 Series A Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition of a 2021 Series A Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2021 Series A Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2021 Series A Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the 2021 Series A Bond (generally, the purchase price paid by the U.S. Holder for the 2021 Series A Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such 2021 Series A Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the 2021 Series A Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the 2021 Series A Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the 2021 Series A Bonds. If the Commission defeases any 2021 Series A Bond, the 2021 Series A Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the 2021 Series A Bond.

Information Reporting and Backup Withholding. Payments on the 2021 Series A Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the 2021 Series A Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the 2021 Series A Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2021 Series A Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," payments of principal of, and interest on, any 2021 Series A Bond to a Non-U.S. Holder,

other than (1) a controlled foreign corporation described in Section 881(c)(3)(C) of the Code, and (2) a bank which acquires such 2021 Series A Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the 2021 Series A Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

Disposition of the 2021 Series A Bonds. Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “Foreign Account Tax Compliance Act (“FATCA,”)—U.S. Holders and Non-U.S. Holders,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Commission or a deemed retirement due to defeasance of the 2021 Series A Bond) or other disposition of a 2021 Series A Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading “Foreign Account Tax Compliance Act (“FATCA,”)—U.S. Holders and Non-U.S. Holders,” under current U.S. Treasury Regulations, payments of principal and interest on any 2021 Series A Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the 2021 Series A Bond or a financial institution holding the 2021 Series A Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of 2021 Series A Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and

disposition of 2021 Series A Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

2021 Series B Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2021 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2021 Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix F—PROPOSED FORM OF OPINION OF BOND COUNSEL.

To the extent the issue price of any maturity of the 2021 Series B Bonds is less than the amount to be paid at maturity of such 2021 Series B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2021 Series B Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2021 Series B Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2021 Series B Bonds is the first price at which a substantial amount of such maturity of the 2021 Series B Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2021 Series B Bonds accrues daily over the term to maturity of such 2021 Series B Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2021 Series B Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2021 Series B Bonds. Beneficial owners of the 2021 Series B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2021 Series B Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2021 Series B Bonds in the original offering to the public at the first price at which a substantial amount of such 2021 Series B Bonds is sold to the public.

2021 Series B Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2021 Series B Bonds. The Agency has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2021 Series B Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2021 Series B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2021 Series B Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2021 Series B Bonds may adversely affect the value of, or the tax status of interest on, the 2021 Series B Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2021 Series B Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2021 Series B Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2021 Series B Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the 2021 Series B Bonds to some extent for high income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2021 Series B Bonds. Prospective purchasers of the 2021 Series B Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2021 Series B Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2021 Series B Bonds ends with the issuance of the 2021 Series B Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Agency or the beneficial owners regarding the tax-exempt status of the 2021 Series B Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2021 Series B Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2021 Series B Bonds, and may cause the Agency or beneficial owners to incur significant expense.

LEGAL MATTERS

The validity of the Series 2021 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission. A complete copy of the proposed form of opinion of Bond Counsel is attached as Appendix F hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Commission by its General Counsel and by Norton Rose Fulbright US LLP, as Disclosure Counsel, and for the Underwriters by their counsel Nixon Peabody LLP.

Compensation paid to Bond Counsel, Disclosure Counsel and Underwriters' Counsel is contingent on the successful issuance of the Series 2021 Bonds.

CONTINUING DISCLOSURE

The Commission has agreed to execute a continuing disclosure agreement (the "Continuing Disclosure Agreement"), which provides for disclosure obligations on the part of the Commission while the Series 2021 Bonds remain Outstanding. Under the Continuing Disclosure Agreement, the Commission will covenant for the benefit of owners of the Series 2021 Bonds to provide certain financial information and operating data relating to the Commission by not later than two hundred and ten (210) days after the end of the prior fiscal year, commencing with the fiscal year ending June 30, 2021 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notice Events") in a timely manner. The Annual Reports and the Notice Events will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. These covenants will be made to assist the Underwriters of the Series 2021 Bonds in complying with the Rule 15c2-12, as amended (the "Rule") adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

RATINGS

S&P Global Ratings and Fitch Ratings have assigned ratings to the 2021 Series A Bonds of "____" and "____," respectively with _____ Outlooks and to the 2021 Series B Bonds of "____" and "____," respectively, with _____ Outlooks. The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041 and Fitch Ratings, 33 Whitehall Street, New York, New York 10004. Such ratings are not recommendations to buy, sell or hold securities. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2021 Bonds.

UNDERWRITING

Purchase of the Series 2021 Bonds

The Commission has entered into a Bond Purchase Agreement (the "2021 Series A Purchase Agreement") with respect to the 2021 Series A Bonds with Wells Fargo Bank, National Association ("WFBNA"), on behalf of itself as senior manager and as representative of the underwriters named therein and set forth on the cover page hereof (collectively, the "Underwriters"), pursuant to which the Underwriters will agree, subject to certain conditions, to purchase the 2021 Series A Bonds for reoffering at a purchase price of \$_____, which represents the aggregate principal amount of the 2021 Series A Bonds, [plus/minus] a bond [premium/discount] of \$_____ and less an Underwriters' discount of \$_____.

The Commission has entered into a Bond Purchase Agreement (the "2021 Series B Purchase Agreement" and, together with the 2021 Series A Purchase Agreement, the "Purchase Agreements") with respect to the 2021 Series B Bonds with BofA Securities, Inc., on behalf of itself as senior manager and as representative of the Underwriters, pursuant to which the Underwriters will agree, subject to certain conditions, to purchase the 2021 Series B Bonds for reoffering at a purchase price of \$_____, which represents the aggregate principal amount of the 2021 Series B Bonds, [plus/minus] a bond [premium/discount] of \$_____ and less an Underwriters' discount of \$_____.

The Purchase Agreements provide that the Underwriters will purchase all of the applicable Series 2021 Bonds if any are purchased. The Series 2021 Bonds may be offered and sold by the Underwriters to certain dealers and others at yields higher than the public offering yields indicated on the inside cover hereof, and such public offering yields may be changed from time to time by the Underwriters. The Underwriters agree to make a public offering of the Series 2021 Bonds.

WFBNA and BofA Securities, Inc. are serving as dealer managers in connection with the Tender Offer for the 2014 Series A Bonds that will be funded with the proceeds of the 2021 Series B Bonds. WFBNA and BofA Securities, Inc. will be compensated separately for serving as dealer managers from the proceeds of the 2021 Series B Bonds. WFBNA will be paid a dealer manager fee of \$ _____ and BofA Securities, Inc. will be paid a dealer manager fee of \$ _____.

The following two paragraphs have been provided by and are being included in this Official Statement at the request of the Underwriters. The Commission does not assume any responsibility for the accuracy or completeness of such statements or information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Commission, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commission. Certain of the Underwriters or their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such securities and instruments.

Retail Brokerage Arrangements

The following paragraphs have been provided by and are being included in this Official Statement at the request of the respective Underwriters. The Commission does not assume any responsibility for the accuracy or completeness of such statements or information.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including WFBNA, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, the senior managing underwriter of the Series 2021 Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2021 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2021 Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2021 Bonds.

Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

BofA Securities, Inc., an underwriter of the Series 2021 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2021 Bonds.

Jefferies LLC has entered into a distribution agreement with 280 Securities LLC ("280 Securities") for the retail distribution of municipal securities. Pursuant to the agreement, if Jefferies LLC sells the Series 2021 Bonds to 280 Securities, it will share a portion of its selling concession compensation with 280 Securities.

Morgan Stanley & Co. LLC has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2021 Bonds.

MUNICIPAL ADVISOR

The Commission has retained PFM Financial Advisors, LLC, San Francisco, California, as municipal advisor (the "Municipal Advisor") in connection with the Series 2021 Bonds. The Municipal Advisor is an independent registered municipal advisor. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Verification Agent, _____, will verify the accuracy of mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the Defeasance Securities deposited in the Escrow Account, together with amounts held as cash therein, to provide for payment of the redemption price of the Refunded Bonds on the Redemption Date.

The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it and that the Verification Agent has no obligation to update its report because of events occurring, or data or information coming to its attention, after the date of its report.

RELATIONSHIP OF CERTAIN PARTIES

Bank of America, N.A. is a swap counterparty to the Commission and provider of the Bank of America Liquidity Facility and the CP Letter of Credit. BofA Securities, Inc. is an Underwriter of the Series 2021 Bonds. Bank of America, N.A. and BofA Securities, Inc. are both wholly-owned, indirect subsidiaries of Bank of America Corporation.

Wells Fargo Bank, National Association and BofA Securities, Inc. are dealer-managers with respect to the proposed tender for the 2014 Series A Bonds.

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

Financial information relating to the Commission is included in the Commission's Audited Financial Statements for the Fiscal Year Ended June 30, 2020, which are included as part of Appendix B to this Official Statement. The financial statements of the Commission included in Appendix B have been audited by Crowe LLP, Certified Public Accountants (the "Auditors"), as stated in their report appearing in Appendix B. The Auditors were not requested to consent to the inclusion of their report in Appendix B, nor have they undertaken to update their report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditors with respect to any event subsequent to the date of their report.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Commission and holders of any of the Series 2021 Bonds. All quotations from and summaries and explanations of the Indenture, the Act and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: _____
Executive Director

APPENDIX A

INFORMATION REGARDING THE COUNTY OF SAN DIEGO

Set forth below is certain information with respect to the County of San Diego (the “County”). Such information was obtained from the County and from sources the Commission believes to be reliable as of the latest date when such information was available. In particular, certain information provided in this Appendix A predates the COVID-19 pandemic. The Commission takes no responsibility for the accuracy or completeness of such information.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The County is the southernmost major metropolitan area in the State of California (the “State”). The County covers 4,261 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the size of the State of Connecticut.

The topography of the County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east which rise to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of the County. The average annual rainfall in the coastal areas is approximately 10 inches.

The County possesses a diverse economic base consisting of high technology, manufacturing, tourism, agriculture, government and the largest uniformed military presence in the nation.

PETCO Park, located in the City of San Diego (the “City”), provides a 42,000 fixed seat baseball stadium for the San Diego Padres. PETCO Park is located in a 26-block neighborhood that contains existing and proposed hotels, office space, retail and housing units within walking distance from the San Diego Convention Center and the Gaslamp Quarter. The baseball stadium also is within walking distance of a San Diego Trolley station and nearby parking facilities.

The County is also growing as a major center for culture and education. Over 30 recognized art organizations, including the Old Globe Theatre productions, the La Jolla Chamber Orchestra, as well as museums and art galleries, are located in the County. Higher education is provided through community colleges and colleges, universities, and graduate level schools, referenced below under “Education.”

In addition to the City, other principal cities in the County include Carlsbad, Chula Vista, Oceanside, El Cajon, Escondido, San Marcos, and Vista. Most County residents live within 20 miles of the coast. Farther inland are agricultural areas, principally planted in avocados and tomatoes, while the easternmost portion of the County has a dry, desert-like topography.

Population

There are 18 incorporated cities in the County, and a number of unincorporated communities. In the 1990s, the population of the County grew at a greater rate than that of either the State or the nation. The County population as of January 1, 2020 was estimated to be 3,343,355, making it the second largest County by population in California.

The following table shows changes in the population in the County, the State and the United States for the years 2010 to 2020.

POPULATION COUNTY OF SAN DIEGO AND STATE OF CALIFORNIA⁽¹⁾

Year	San Diego County	Annual Growth Rate	State of California	Annual Growth Rate
2010	3,095,313	0.89%	37,253,956	0.70%
2011	3,125,654	0.98	37,561,624	0.83
2012	3,161,808	1.16	37,924,661	0.97
2013	3,199,900	1.20	38,269,864	0.91
2014	3,232,762	1.03	38,556,731	0.75
2015	3,265,038	1.00	38,870,150	0.81
2016	3,285,150	0.62	39,131,307	0.67
2017	3,306,889	0.66	39,398,702	0.68
2018	3,326,318	0.59	39,586,646	0.48
2019	3,340,312	0.42	39,695,376	0.27
2020	3,343,355	0.09	39,782,870	0.22

⁽¹⁾ As of January 1 of each calendar year.

Source: State of California Department of Finance, Demographic Research Unit.

Employment

The following table sets forth information regarding the size of the civilian labor force, employment and unemployment rates for the County, the State and the United States for the years 2015 through 2019.

According to the Commissions economic staff, the COVID-19 related recession resulted in a sharp increase in unemployment that is estimated to have peaked at 25% in early May 2020 and is currently hovering around 8%. Job losses have been concentrated in high contact sectors such as tourism, retail and education, which are estimated to account for 80% of the job losses in the region. Traditional sectors like professional services, construction and finance have fared much better than in past recessions, while military has proven an essential buffer to the unemployment numbers in the County.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES 2015-2019⁽¹⁾ By Place of Residence (In Thousands)

	2015	2016	2017	2018	2019
County of San Diego					
Labor Force	1,550	1,564	1,574	1,592	1,591
Employment	1,469	1,490	1,511	1,539	1,537
Unemployment Rate	5.2%	4.7%	4.0%	3.3%	3.4%
State of California					
Labor Force	18,851	19,044	19,205	19,398	19,428
Employment	17,681	18,002	18,285	18,582	18,620
Unemployment Rate	6.2%	5.5%	4.8%	4.2%	4.2%
United States of America					
Labor Force	157,130	159,187	160,320	162,075	163,539
Employment	148,843	151,436	153,337	155,761	157,538
Unemployment Rate	5.3%	4.9%	4.4%	3.9%	3.7%

⁽¹⁾ Data not seasonally adjusted. Unemployment rate is based on unrounded data.

Sources: County and State Data – California Employment Development Department; National Data – U.S. Department of Labor, Bureau of Labor Statistics.

The following table sets forth the average annual civilian employment within the County by employment sector, other than farm industries, for 2016 through 2020.

SAN DIEGO COUNTY NON-AGRICULTURAL LABOR FORCE AND INDUSTRY EMPLOYMENT ANNUAL AVERAGES Calendar Years 2016-2020 (In Number of Jobs by Industry)

Employment Sector	2016	2017	2018	2019	Estimate 2020
Mining and Logging	0.3	0.3	0.3	0.4	0.4
Construction	76.3	79.5	84.2	86.4	82.8
Manufacturing	108.4	109.4	112.7	116.0	108.8
Trade, Transportation and Utilities	220.9	224.7	225.3	223.7	206.6
Information	23.7	24.0	24.0	23.6	19.8
Financial Activities	73.0	74.6	75.9	77.3	74.0
Professional and Business Services	234.5	238.8	248.8	259.5	259.2

Educational and Health Services	198.7	204.3	210.5	215.7	202.7
Leisure and Hospitality	190.4	195.6	199.9	208.1	148.0
Other Services	54.4	55.0	55.4	56.7	44.7
Government	242.2	246.3	247.6	239.7	224.3
Total ⁽¹⁾	1,422.8	1,452.5	1,484.6	1,507.1	1,371.3

Source: State of California Employment Development Department, 2019 Benchmark.

⁽¹⁾ Reflects independent rounding.

Major Employers

The County is host to a diverse mix of major employers representing industries ranging from education and health services, to diversified manufacturing, military, financial services, retail trade and amusement and recreation. The following table lists the County's major employers.

COUNTY OF SAN DIEGO MAJOR EMPLOYERS (As of July 1, 2019)⁽¹⁾

Employer	Description	Number of Employees
1. US Naval Base, San Diego	Naval Base	
2. University of California, San Diego	University	
3. County of San Diego ⁽³⁾	Government	
4. San Diego Unified School District	School District	
5. Sharp HealthCare	Healthcare	
6. Scripps Health	Healthcare	
7. Qualcomm Inc.	Technology	
8. City of San Diego	Municipal Agency	
9. UC San Diego Health	Healthcare	
10. General Atomics Aeronautical Systems, Inc.	Technology	

Source: San Diego Business Journal.

⁽¹⁾ Excludes employers that did not disclose employee information or did not respond to the survey by the applicable deadline.

Regional Economy

Economic activity and population growth in the local economy are closely related. Helping to sustain the County's economy is the performance of many industries, including Biotechnology, Wireless Communications, Defense Manufacturing and Uniformed Personnel, and Leisure and Hospitality. The table below sets forth the County's Gross Domestic Product, which is an estimate of the value for all goods and services produced in the region, from 2015 through 2019.

SAN DIEGO COUNTY GROSS DOMESTIC PRODUCT 2015-2019

Year	Gross Domestic Product (In Billions) ⁽¹⁾	Annual Percent Change (year over year)
2015	\$201.2	3.8%
2016	204.7	1.7
2017	211.1	3.2
2018	217.5	3.0
2019	222.3	2.2

Sources: U.S. Bureau of Economic Analysis, retrieved from FRED, Federal Reserve Bank of St. Louis.

The table below sets forth the secured assessed valuation of property within the County subject to taxation for Fiscal Years 2011-12 through 2020-21.

**ASSESSED VALUATION OF PROPERTY
SUBJECT TO AD VALOREM TAXATION
Fiscal Years 2011-12 through 2020-21
(In Thousands)**

Fiscal Year	Land	Improvements	Personal Property	Gross Assessed Valuation	Exemption⁽¹⁾	Net Assessed Valuation for Tax Purposes⁽²⁾
2011-12	\$174,658,242	\$216,383,122	\$14,483,422	\$405,524,786	\$12,537,490	\$392,987,296
2012-13	173,840,948	217,588,947	14,693,957	406,123,852	13,165,008	392,958,844
2013-14	179,943,404	224,701,971	15,195,049	419,840,424	13,856,802	405,983,622
2014-15	192,003,349	236,234,389	15,347,042	443,584,780	14,344,037	429,240,743
2015-16	203,701,281	249,298,560	15,491,395	468,491,236	15,175,726	453,315,510
2016-17	215,835,633	261,594,164	16,324,650	493,754,447	16,103,351	477,651,096
2017-18	230,572,975	276,262,039	16,807,985	523,642,999	16,816,816	506,826,183
2018-19	246,455,471	291,085,650	17,764,620	555,305,741	18,416,932	536,888,809
2019-20	261,664,752	306,648,456	18,474,208	586,787,416	19,591,977	567,195,439
2020-21	276,732,392	322,427,706	18,938,815	618,098,913	19,843,441	598,255,472

Source: County of San Diego, Auditor and Controller.

⁽¹⁾ Exemption figures include veterans, church, welfare, religious, college and cemetery exemptions.

⁽²⁾ Net Assessed Valuation for Tax Purposes figures include local secured, unsecured manufactured home and possessory interest, state unitary and redevelopment valuation, if any.

Building Activity

Annual total building permit valuation and the annual unit total of new residential permits from 2015 through 2019 are shown in the following table.

**COUNTY OF SAN DIEGO
BUILDING PERMIT ACTIVITY
2015 – 2019**

	2015	2016	2017	2018	2019
Valuation (\$ in Millions):					
Residential	\$2,447	\$2,472	\$2,633	\$2,685	\$2,084
Non-Residential	<u>1,863</u>	<u>1,782</u>	<u>2,371</u>	<u>1,902</u>	<u>2,360</u>
Total ⁽¹⁾	\$4,310	\$4,255	\$5,004	\$4,587	\$4,444
New Housing Units:					
Single Family	3,136	2,420	3,960	3,438	3,045
Multiple Family	<u>6,869</u>	<u>7,680</u>	<u>6,056</u>	<u>6,190</u>	<u>4,405</u>
Total ⁽¹⁾	10,005	10,100	10,016	9,628	7,450

Source: Construction Industry Research Board and California Homebuilding Foundation.

⁽¹⁾ Totals may not sum due to rounding.

Commercial Activity

The following table sets forth information regarding taxable sales in the County for the years 2015 through 2019. Annual figures for 2020 are not yet available.

COUNTY OF SAN DIEGO TAXABLE SALES 2015 through 2019 (In Thousands)

Type of Business	2015	2016	2017	2018	2019
Retail and Food Services:					
Motor Vehicle and Parts Dealers	\$ 7,294,831	\$ 7,552,837	\$ 7,677,235	\$ 7,639,067	\$ 7,661,109
Home Furnishings and Appliance Stores	2,431,315	2,555,890	2,460,470	2,466,975	2,375,525
Building Materials and Garden Equipment and Supplies	2,631,078	2,744,044	2,924,640	3,037,405	3,064,896
Food and Beverage Stores	2,306,866	2,326,584	2,398,405	2,505,938	2,547,020
Gasoline Stations	3,044,602	3,460,970	3,778,678	4,304,355	4,185,909
Clothing and Clothing Accessories Stores	3,562,794	3,573,190	3,637,218	3,818,233	3,885,456
General Merchandise Stores	4,930,593	4,818,740	4,905,303	5,101,089	5,218,042
Food Services and Drinking Places	6,955,661	7,374,383	7,738,971	7,999,661	8,362,160
Other Retail Group	4,463,781	4,682,869	4,850,794	5,014,102	5,516,821
Total Retail and Food Services	\$38,521,521	\$39,089,506	\$40,371,715	\$41,886,825	\$42,816,938
All Other Outlets	16,196,022	16,831,504	17,179,645	17,154,217	18,548,339
Totals All Outlets	\$54,717,543	\$55,921,010	\$57,551,360	\$59,041,042	\$61,365,277

Source: California Department of Tax and Fee Administration.

Personal Income

The following table summarizes the median household income for the County, the State, and the United States between 2015 and 2019. Annual figures for 2020 are not yet available.

MEDIAN HOUSEHOLD INCOME⁽¹⁾ 2015 through 2019

Year	San Diego County	California	United States
2015	\$67,053	\$63,636	\$56,516
2016	70,693	66,637	59,039
2017	76,048	70,038	61,136
2018	78,777	70,489	63,179
2019	83,576	78,105	68,703

Source: U.S. Census Bureau – retrieved from FRED, Federal Reserve Bank of St. Louis.

⁽¹⁾ Estimated as of December 2020 in inflation-adjusted dollars.

Transportation

Surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles area and beyond. Interstate 15 runs inland, leading to Riverside and San Bernardino Counties, Las Vegas, and Salt Lake City. Interstate 8 runs eastward through the southern United States.

The San Diego International Airport (Lindbergh Field) is located approximately three miles northwest of the downtown area and sits on 614 acres. The facilities are owned and maintained by the San Diego County Regional Airport Authority and are leased to commercial airlines and other tenants. The airport is California's third most active commercial airport, served by 18 passenger carriers and six cargo carriers. In addition to San Diego International Airport, there are two naval air stations and seven general aviation airports located in the County.

Public transportation in the County is provided by two transit operators, the San Diego Metropolitan Transit System ("MTS") and North County Transit District ("NCTD"). MTS operates the light rail system that provides transportation for commuters and tourists from Downtown San Diego to San Ysidro (adjacent to Tijuana), and from Downtown San Diego to the southern part of the County and East County and includes the newest connection at San Diego State University. MTS also provides fixed route and paratransit services. NCTD operates the 43-mile Coaster Commuter rail line from Oceanside to downtown San Diego as well as the Sprinter light rail that runs from Oceanside to Escondido. Like MTS, NCTD also provides fixed route and paratransit bus services.

San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego, with stops at Solana Beach and Oceanside in the North County. San Diego rail corridor is part of the Los Angeles-San Luis Obispo-San Diego Corridor which is the second busiest rail corridor in the nation. San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach, and Coronado.

San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Port District, which included the Cities of San Diego, National City, Chula Vista, Imperial Beach, and Coronado.

Visitor and Convention Activity

An excellent climate, proximity to Mexico, extensive maritime facilities, and such attractions as the San Diego Zoo and Wild Animal Park, Sea World, Cabrillo National Monument, and Palomar Observatory allow San Diego to attract visitor and convention business each year. The development of the 4,600-acre Mission Bay Park at San Diego and the construction of meeting and convention facilities at the San Diego community concourse have contributed to the growth in tourism. The visitor business is expected to continue to increase steadily.

The visitor industry is the City's third largest in terms of income generation, behind manufacturing and the military. The following table depicts total visitor spending in San Diego County for the past ten years.

SAN DIEGO COUNTY
Total Visitor Spending
2010 – 2019
(In Billions)

<u>Year</u>	<u>Amount</u>
2010	\$7.08
2011	7.49
2012	7.98
2013	8.39
2014	9.21
2015	9.92
2016	10.40
2017	10.82
2018	11.49
2019	11.64

Source: San Diego Tourism Authority.

Major attractions located in the County include the world-renowned San Diego Zoo, the San Diego Wild Animal Park, Legoland, California and Sea World. The San Diego Padres play home games at PETCO Park, located on 18 acres, with a capacity of 42,000. Other attractions include the Cabrillo National Monument on Point Loma, Balboa Park, home to the Zoo and a host of other cultural and recreational activities, downtown's historic Gaslamp Quarter, and the Old Town State Park. The cruise ship industry is another important sector of the local visitor industry.

There are over 90 golf courses in the County, including the La Costa Golf Course, scene of the Tournament of Champions in 2006 and the championship Torrey Pines Golf Course, where the U.S. Open was held in 2008. Torrey Pines is also slated to host the U.S. Open for the second time in 2021.

The County benefits from its proximity to Mexico, with its sporting attractions such as Jai Alai, thoroughbred racing and ocean fishing, as well as the shopping and entertainment venues of Tijuana. Tijuana may be reached from downtown San Diego by the Red Trolley, and within a short drive from the center of the City, visitors may take in the many beaches, mountains and desert areas within the County.

Contributing to the growth in total visitor spending has been an increase in convention activity, as displayed in the table below. The convention center has hosted the annual Comic-Con International Convention, the 1996 Republican National Convention and the 2007 California Democratic Party Convention.

**SAN DIEGO CONVENTION CENTER
2010 – 2019**

<u>Calendar Year</u>	<u>Estimated Spending</u>	<u>Number of Conventions</u>	<u>Total Delegate Attendance</u>
2010	\$567,413,270	64	543,931
2011	578,931,514	74	566,658
2012	621,304,790	67	561,523
2013	559,947,727	75	524,448
2014	593,105,421	76	527,621
2015	620,092,228	71	553,283
2016	721,047,316	67	697,518
2017	650,818,239	61	545,366
2018	733,357,461	68	610,848
2019	696,800,000	71	621,820

Note: Table includes only primary events held at the San Diego Convention Center, it does not include other sources of convention activity in the San Diego region.

Source: San Diego Tourism Authority.

The tourism sector has been one of the hardest hit by the COVID-19 related recession as a result of the high-contact business closures like restaurants and bars, the sharp declines in international and business travel, and the closure of many local tourist attractions. The recovery is expected to take a number of years.

Education

Forty-two independent school districts provide educational programs for the elementary and secondary public school children in the County. Each school system is governed by a locally elected board of education and administered by a superintendent or other chief administrative officer appointed by the board. In the County there are three types of school districts: elementary, union high and unified. Elementary districts educate elementary students, union high districts for the most part educate secondary students, and unified districts educate both elementary and secondary students. There are currently 12 unified, 24 elementary and 6 union high school districts in the County.

Additionally, there are five community college districts in the County that are locally operated and administered two-year institutions of higher education. They offer Associates in Arts and Associates in Science degrees and have extensive vocational curricula. These community college districts have students at numerous campuses, adult and community centers.

Among the institutions of higher education offering bachelors and graduate programs in metropolitan San Diego are: San Diego State University; the University of California, San Diego; National University; the University of San Diego; Point Loma Nazarene University; California State University – San Marcos; Alliant International University; the University of Phoenix; Thomas Jefferson School of Law, and California Western School of Law.

Military

Military and related defense spending are significant factors in the County economy. Military installations include Marine Corps Base Camp Joseph H. Pendleton; the Marine Corps Recruit Depot;

Marine Corps Air Station at Miramar; Naval Air Station North Island; Naval Station San Diego; and Naval Submarine Base, San Diego.

Military and related defense spending are significant factors in the County's economy. The San Diego Military Economic Impact Study released by the San Diego Military Advisory Council in 2020 estimated that defense-related activities and spending directly generated an estimated \$33.6 billion of gross regional product for the County in Fiscal Year 2019-20 with a total GRP impact of \$52.4 billion and reported that the military sector was responsible for approximately 340,000 of the region's total jobs in Fiscal Year 2019-20. The level of economic activity generated by this factor is expected to be affected by various federal consolidation and budget activities.

Research and Development

Research and development activity plays an important role in the area's economy. Construction of a major campus of the University of California at San Diego ("UCSD") in 1964 gave significant impetus to this development.

The County is a leading health sciences and biomedical center. Approximately 35,000 persons are engaged in life sciences-related activities in the metropolitan area, with over 28,000 employed directly in health services. In addition to UCSD, other established research institutions in the La Jolla area of the City include the Salk Institute for Biological Studies, the Scripps Clinic and Research Foundation, and the Scripps Institution of Oceanography.

APPENDIX B

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

DRAFT

[insert appendices C-1 and C-2]

DRAFT

APPENDIX C-3

SUMMARY OF CERTAIN PROVISIONS OF THE TIFIA LOAN AGREEMENT

Disbursement Requirements. The proceeds of the Junior Subordinate TIFIA Loan are expected to be fully drawn by the Commission in a single disbursement no later than _____. Any requests to disburse the Junior Subordinate TIFIA Loan proceeds must be submitted by the Commission to the TIFIA Lender in the form of a requisition attached to the TIFIA Loan Agreement. Disbursement of Junior Subordinate TIFIA Loan proceeds is subject to certain conditions precedent, including, among others, the following:

- (a) the Commission shall have delivered all required invoices and records evidencing Eligible Project Costs relating to the Mid-Coast Corridor Transit Project;
- (b) all required insurance policies are in full force and effect;
- (c) no event of default or prospective event of default under the TIFIA Loan Agreement has occurred and is continuing;
- (d) all representations and warranties are true, correct and complete as of the date of disbursement; and
- (e) no material adverse effect, or any event or condition that could reasonably be expected to result in a material adverse effect, shall have occurred and be continuing.

Events of Default and Remedies.

Certain Definitions used under this Caption.

“Pledged Revenues” means (a) all Sales Tax Revenues, (b) all regularly-scheduled amounts (but not termination payments) owed or paid to the Commission by any Qualified Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed or paid by the Commission to such Qualified Counterparty under such Interest Rate Swap Agreement, (c) any additional revenues or assets of the Commission to be included in the definition of Pledged Revenues pursuant to a Supplemental Indenture; provided, however, that after making the required monthly deposits of Pledged Revenues from the Revenue Fund pursuant to Section 5.02 of the Indenture and Section 8(d) (Security and Priority; Flow of Funds), any remaining amounts transferred to the Commission pursuant to Section 5.02(B) of the Indenture, shall continue to be subject to the lien of the Indenture as Revenues.

“Indenture Documents” means the Senior Indenture, the Seventh Supplemental Indenture, each Supplemental Indenture executed on or after the effective date of the TIFIA Loan Agreement, the Subordinate Indenture, each Interest Rate Swap Agreement, each Credit Enhancement, and each other agreement, instrument and document executed and delivered pursuant to or in connection with any of the foregoing.

“MTS” means the San Diego Metropolitan Transit System, a public agency in the State.

“MTS Direct Agreement” means the Direct Agreement, dated _____, by and among the TIFIA Lender, the Borrower and MTS.

“SANDAG Direct Agreement” means the Direct Agreement, dated _____, by and among the TIFIA Lender, the Commission and SANDAG.

“TIFIA Loan Documents” means the TIFIA Loan Agreement, the TIFIA Bond, each Direct Agreement, the _____ Supplemental Indenture and the other Indenture Documents.

Events of Default. The following events constitute events of default under the TIFIA Loan Agreement:

(i) **Payment Default.** The Commission shall fail to pay any of the principal amount of or interest on the TIFIA Loan, when and as the payment thereof shall be required under the TIFIA Loan Agreement or the TIFIA Bond (as defined herein) or on [October 1, 2045], the final maturity date (each such failure, a “Payment Default”).

(ii) **Covenant Default.** (A) The Commission shall fail to observe or perform any covenant, agreement or obligation of the Commission under the TIFIA Loan Agreement, the TIFIA Bond or any other TIFIA Loan Document (other than in the case of any Payment Default or any Development Default), (B) SANDAG shall fail to observe or perform any covenant, agreement or obligation of SANDAG under the SANDAG Direct Agreement or (C) MTS shall fail to observe or perform any covenant, agreement or obligation of MTS under the MTS Direct Agreement, and any such failure described in clauses (A), (B) or (C) shall not be cured within thirty (30) days after receipt by the applicable Commission Related Party from the TIFIA Lender of written notice thereof; provided, however, that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then no Event of Default shall be deemed to have occurred or be continuing under Section 20(a)(ii) of the TIFIA Loan Agreement (*Covenant Default*), and such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the Commission, SANDAG or MTS, as applicable, shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured, and (y) such failure is cured within one hundred eighty (180) days of the date of the notice of default from the TIFIA Lender.

(iii) **Development Default.** A Development Default shall occur, in which case the TIFIA Lender may (A) suspend the disbursement of TIFIA Loan proceeds under the TIFIA Loan Agreement and (B) pursue such other remedies as provided in Section 20 of the TIFIA Loan Agreement (*Events of Default and Remedies*). If so requested by the TIFIA Lender in connection with a Development Default, the Commission shall immediately repay any unexpended TIFIA Loan proceeds previously disbursed to the Commission.

(iv) **Misrepresentation Default.** Any of the representations, warranties or certifications of (A) the Commission made in or delivered pursuant to the TIFIA Loan Documents (or in any certificates delivered by the Commission in connection with the TIFIA Loan Documents), (B) SANDAG made in or delivered pursuant to the SANDAG Direct Agreement (or in any certificates delivered by SANDAG in connection with the SANDAG Direct Agreement) or (C) MTS made in or delivered pursuant to the MTS Direct Agreement (or in any certificates delivered by MTS in connection with the MTS Direct Agreement), shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no Event of Default shall be deemed to have occurred under Section 20(a)(iv) of the TIFIA Loan Agreement (*Misrepresentation Default*) if and so long as:

- (1) such misrepresentation is not intentional;
- (2) in the case of the Commission, such misrepresentation is not a misrepresentation in respect of Section 14(h) (No Debarment), Section 14(j) (Compliance with Federal Requirements), Section 14(k) (Transportation Improvement Program), Section 14(p) (Information), Section 14(q) (OFAC; Anti-Corruption Laws), Section 14(x) (Financial Statements) or Section 14(cc) (Patriot Act);
- (3) in the case of SANDAG, such misrepresentation is not a misrepresentation in respect of Sections 5(g), 5(i), 5(m) or 5(n) of the SANDAG Direct Agreement;
- (4) in the case of MTS, such misrepresentation is not a misrepresentation in respect of Sections 4(g), 4(i), 4(m) or 4(n) of the MTS Direct Agreement;
- (5) in the reasonable determination of the TIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a material adverse effect;
- (6) in the reasonable determination of the TIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured;
- (7) the underlying issue giving rise to the misrepresentation is cured by the applicable Commission Related Party within thirty (30) days from the date on which such Commission Related Party first became aware (or reasonably should have become aware) of such misrepresentation; and
- (8) the applicable Commission Related Party diligently pursues such cure during such thirty (30) day period.

(v) Acceleration of Secured Obligations or Other Material Indebtedness.

Any acceleration shall occur of the maturity of any (A) Secured Obligations or (B) any indebtedness or other payment obligations of the Commission secured by Pledged Revenues in an aggregate principal amount equal to or greater than \$1,000,000 that is senior to, or in parity with, the TIFIA Loan in right of payment or in right of security (“Other Material Indebtedness”), or any other indebtedness shall not be paid in full upon the final maturity thereof. For the avoidance of doubt, swap termination payments and term-outs of Secured Obligations that occur in accordance with the terms of such Secured Obligations shall not be considered acceleration.

(vi) Cross Default.

(A) Any of the representations, warranties or certifications of the Commission made in or delivered pursuant to the Indenture Documents, or made in or delivered pursuant to the documents (the “Other Loan Documents”) under which any Secured Obligations is created or incurred, shall prove to be false or misleading in any material respect (each an “Other Indebtedness Misrepresentation Default”), or any default shall occur in respect of the performance of any covenant, agreement or obligation of the Commission under the Indenture Documents or the Other Loan Documents, and such default shall be continuing after the giving of any applicable notice and the expiration of any applicable grace period specified in the Indenture Documents or the Other Loan Documents (as the case may be) with respect to such default (each an “Other Indebtedness Covenant Default”), if the effect of such Other Indebtedness Misrepresentation Default or Other Indebtedness Covenant Default shall be to permit the immediate acceleration of the maturity of any or all of the Secured Obligations, and, in the case of any such Other Indebtedness Misrepresentation Default or Other Indebtedness Covenant

Default, the Commission shall have failed to cure such Other Indebtedness Misrepresentation Default or Other Indebtedness Covenant Default or to obtain an effective written waiver thereof in accordance with the terms of such Secured Obligations. For the avoidance of doubt, swap termination payments and term-outs of Secured Obligations that occur in accordance with the terms of such Secured Obligations shall not be considered acceleration.

(B) A Commission Related Party shall default in the timely performance of any covenant, agreement or obligation under any Related Document to which it is party or any Related Document shall be terminated prior to its scheduled expiration (unless in any case such default or termination could not reasonably be expected to have a material adverse effect), and the applicable Commission Related Party shall have failed to cure such default or to obtain an effective written waiver or revocation thereof prior to the expiration of the applicable grace period specified in any such Related Document, or to obtain an effective revocation of such termination (as the case may be); provided, however, that no Event of Default shall be deemed to have occurred or be continuing under Section 20(a)(vi)(B) of the TIFIA Loan Agreement (*Cross Default*) if, in the case of any termination of a Principal Project Contract, the applicable Commission Related Party replaces such Principal Project Contract with a replacement agreement (1) entered into with another counterparty that (x) is of similar or greater creditworthiness and experience as the counterparty being replaced was at the time the applicable Principal Project Contract was originally executed (or otherwise reasonably acceptable to the TIFIA Lender) and (y) is not, at the time of such replacement, suspended or debarred or subject to a proceeding to suspend or debar from bidding, proposing or contracting with any federal or state department or agency, (2) on substantially the same terms and conditions as the Principal Project Contract being replaced (or otherwise reasonably acceptable to the TIFIA Lender) and (3) effective as of the date of termination of the Principal Project Contract being replaced. For the avoidance of doubt, swap termination payments and term-outs of Secured Obligations that occur in accordance with the terms of such Secured Obligations shall not be considered acceleration.

(vii) Judgments. One or more judgments (A) for the payment of money that are payable from Sales Tax Revenues and the aggregate amount not otherwise fully covered by insurance (for which the insurer has acknowledged and not disputed coverage) is in excess of \$1,000,000 (inflated annually by CPI) or (B) that would reasonably be expected to result in a material adverse effect shall, in either case, be rendered against a Commission Related Party, and the same shall remain undischarged for a period of thirty (30) consecutive days during which time period execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon all or any portion of the Trust Estate to enforce any such judgment.

(viii) Failure to Maintain Existence. The Commission shall fail to maintain its existence as a public entity, unless at or prior to the time the Commission ceases to exist in such form a successor public agency or governing body has been created by the State pursuant to a valid and unchallenged State law and has succeeded to the assets of the Commission and has assumed all of the obligations of the Commission under the TIFIA Loan Documents and the Indenture Documents, including the payment of all secured obligations.

(ix) Occurrence of a Bankruptcy Related Event. (A) A bankruptcy related event shall occur with respect to the Commission or (B) a bankruptcy related event shall occur with respect to any Commission Related Party (other than the Commission) or any Principal Project Party; provided, that: (1) a bankruptcy related event in connection with a Principal Project Party shall not constitute an Event of Default if the relevant Commission Related Party shall have promptly provided evidence satisfactory to the TIFIA Lender demonstrating that any substitute

Principal Project Party has sufficient financial resources and operating expertise to complete the Principal Project Contract to which such principal project party was a party; and (2) after the substantial completion date, the occurrence of a bankruptcy related event in connection with any Principal Project Party shall not constitute an Event of Default if at the time of such occurrence, (x) each applicable warranty period shall have ended and no claim against any warranty under the applicable principal project contract shall exist or remain outstanding, or (y) if any applicable warranty period has not yet ended or any claim against any warranty remains outstanding, the Commission promptly provides evidence satisfactory to the TIFIA Lender showing that SANDAG or MTS has (I) sufficient moneys to correct any defect or nonconforming work of such principal project party, and (II) a plan to carry out such works referred to in clause (I) hereof.

(x) Project Abandonment. Any Commission Related Party shall abandon the Project.

(xi) Invalidity of TIFIA Loan Documents. (A) Any TIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or any Commission Related Party contests in any manner the validity or enforceability of any TIFIA Loan Document to which it is a party or denies it has any further liability under any TIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any TIFIA Loan Document to which it is a party; or (B) any Indenture Document ceases (other than as expressly permitted thereunder) to be effective to grant a valid and binding security interest on any material portion of the Trust Estate other than as a result of actions or a failure to act by, and within the control of, the Subordinate Trustee or any Secured Party, and with the priority purported to be created thereby.

(xii) Cessation of Operations. Operation of the Project shall cease for a continuous period of not less than one hundred eighty (180) days unless such cessation of operations shall occur by reason of an Uncontrollable Force that is not due to the fault of any Commission Related Party (and which none of the Commission Related Parties could reasonably have avoided or mitigated).

Remedies. Upon the occurrence of an Event of Default described in Section 20(a)(iii) of the TIFIA Loan Agreement (Development Default), all obligations of the TIFIA Lender thereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan shall immediately be deemed terminated.

Upon the occurrence of any bankruptcy related event with respect to the Commission, all obligations of the TIFIA Lender thereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan shall automatically be deemed terminated, and, if an Event of Default described in the TIFIA Loan Agreement (Acceleration of Secured Obligations or Other Material Indebtedness) shall occur or if the TIFIA Lender has a right to accelerate the TIFIA Loan pursuant to the TIFIA Loan Agreement (Additional Rights), the Outstanding TIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived. Upon the occurrence of any other Event of Default, the TIFIA Lender, by written notice to the Commission, may (i) suspend or terminate all of its obligations thereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan and (ii) if an Event of Default described in Section 20(a)(v) of the TIFIA Loan Agreement (Acceleration of Secured Obligations or Other Material Indebtedness) shall occur or if the TIFIA Lender has a right to accelerate the TIFIA Loan pursuant to Section 17(n) of the TIFIA Loan Agreement (Additional Rights), declare the

unpaid principal amount of the TIFIA Bond to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents, all without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived.

Whenever any Event of Default thereunder shall have occurred and be continuing, the TIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid thereunder or under the TIFIA Bond or the other TIFIA Loan Documents, and may prosecute any such judgment or final decree against the Commission and collect in the manner provided by law out of the property of the Commission the moneys adjudged or decreed to be payable, and the TIFIA Lender shall have all of the rights and remedies of a creditor, including all rights and remedies, to the extent applicable to the Trust Estate, of a secured creditor under the Uniform Commercial Code and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by Commission under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Commission under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents; provided, however, that any monetary judgment against the Commission shall be payable solely from the Trust Estate or from any other funds made available by the Commission, in its discretion. Whenever any Event of Default under the TIFIA Loan Agreement shall have occurred and be continuing, the TIFIA Lender may suspend or debar the Commission from further participation in any Government program administered by the TIFIA Lender and to notify other departments and agencies of such default. No action taken pursuant to this Section of the TIFIA Loan Agreement (Events of Default and Remedies) shall relieve Commission from its obligations pursuant to the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents, all of which shall survive any such action. The parties to the TIFIA Loan Agreement acknowledge and agree that the rights and remedies of the TIFIA Lender as the Holder of the TIFIA Bond, including any rights and remedies with respect to the payment thereof, shall be governed exclusively by the Senior Indenture.

In addition to the rights and remedies of Holders set forth in the Senior Indenture, the parties further acknowledge and agree in the TIFIA Loan Agreement that the TIFIA Loan shall be made under and subject to, the terms and conditions set forth in the TIFIA Loan Agreement and the rights and remedies of the TIFIA Lender, including the right to enforce the representations, warranties and covenants made by the Commission exclusively for the benefit of the TIFIA Lender, shall be governed exclusively by those remedies set forth in TIFIA Loan Agreement. In the event of a conflict between the Senior Indenture and the TIFIA Loan Agreement, the provisions of the TIFIA Loan Agreement shall be given precedence; provided, however, in the event there exists a conflict between the provisions of the TIFIA Loan Agreement and the Senior Indenture and performance with the provisions of the TIFIA Loan Agreement is contrary to or inconsistent with the rights of the Holders of other secured obligations under the Senior Indenture, then the provisions of the Senior Indenture shall be given precedence and performance with the provisions thereof shall not constitute a violation of the TIFIA Loan Agreement. Subject to the immediately previous sentence, the Commission shall comply with all provisions of the Senior Indenture and with all documents entered into or delivered in connection with this transaction.

[insert appendix D]

DRAFT

APPENDIX E

CLEARING SYSTEMS

Disclaimer

The following information has been provided by DTC, Euroclear and Clearstream Banking, and neither of the San Diego County Regional Transportation Commission (the “Commission”) nor the Underwriters makes any representation as to its accuracy or completeness. For further information, beneficial owners should contact DTC in New York, New York.

The Depository Trust Company and Book-Entry System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Commission’s Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable) (the “2021 Series A Bonds”) and 2021 Series B (the “2021 Series B Bonds” and, together with the 2021 Series A Bonds, the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Bond in the aggregate principal amount of such Bond, and will be deposited with DTC.

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

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

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission and the Senior Trustee or Subordinate Trustee, as applicable, 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments, redemption proceeds, distributions and dividend payments, 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 Senior Trustee or Subordinate Trustee, as applicable, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of the Commission, DTC, or the Senior Trustee or Subordinate Trustee, as applicable, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, redemption proceeds, distributions and dividends, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Senior Trustee or Subordinate Trustee, as applicable, 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the applicable remarketing agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the applicable remarketing agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the applicable remarketing agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Commission or the Senior Trustee or Subordinate Trustee, as applicable. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered in accordance with the provisions of the Indenture.

Euroclear and Clearstream Banking

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

Any 2021 Series A Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, for the account of its participants, including but not limited to Euroclear and Clearstream Banking. If the investors are participants in Clearstream Banking and Euroclear in Europe, or indirectly through organizations that are participants in the Clearing Systems, Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories. In all cases, the record holder of the 2021 Series A Bonds will be DTC's nominee and not Euroclear or Clearstream Banking. The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking

participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The Commission will not impose any fees in respect of holding the 2021 Series A Bonds; however, holders of book-entry interests in the 2021 Series A Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the 2021 Series A Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the 2021 Series A Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable thereto and applicable to DTC. Book-entry interests in the 2021 Series A Bonds will be credited by DTC to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the 2021 Series A Bonds against payment (value as on the date of delivery of the 2021 Series A Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the 2021 Series A Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the 2021 Series A Bonds following confirmation of receipt of payment to the Commission on the date of delivery of the 2021 Series A Bonds.

Secondary Market Trading

Secondary market trades in the 2021 Series A Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the 2021 Series A Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the 2021 Series A Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the 2021 Series A Bonds between Euroclear or Clearstream Banking and DTC shall be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

Special Timing Considerations

Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the 2021 Series A Bonds through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the 2021 Series A Bonds, or to receive or make a payment or delivery of 2021 Series A Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used, or Brussels if Euroclear is used.

Clearing Information

The Commission and the Underwriters expect that the 2021 Series A Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream Banking. The CUSIP numbers and international securities identification numbers/common code for the 2021 Series A Bonds are set out on the inside cover page of this Official Statement.

General

None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Commission, the Underwriters nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Limitations

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Commission and the Senior Trustee or Subordinate Trustee, as applicable, will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Bonds, references in this Official Statement to registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

Because DTC is treated as the owner of the Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Commission or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Bonds that may be transmitted by or through DTC.

Among other things, the Commission will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any Bonds;

- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Senior Trustee or Subordinate Trustee, as applicable, of any notice with respect to any Bonds including, without limitation, any notice of redemption with respect to any Bonds;
- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Senior Trustee or Subordinate Trustee, of any amount with respect to the principal of, premium, if any, or interest on, any Bonds; or
- any consent given by DTC or its nominee as registered owner.

DRAFT

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

DRAFT

APPENDIX D

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the San Diego County Regional Transportation Commission (the “Commission”) and Digital Assurance Certification LLC, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$_____ San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable) (the “2021 Series A Bonds”) and the \$_____ San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B (the “2021 Series B Bonds” and, together with the 2021 Series A Bonds, the “Bonds”). The 2021 Series A Bonds will be issued and secured pursuant to the Indenture, dated as of March 1, 2008, as supplemented and amended, including by an Eleventh Supplemental Indenture, dated as of March 1, 2021 (collectively, the “Indenture”), between the Commission and U.S. Bank National Association, as trustee (the “Trustee”). The 2021 Series B Bonds will be issued and secured pursuant to the Subordinate Indenture, dated as of April 1, 2018 (amending and restating the Subordinate Indenture, dated as of August 1, 1991, as amended and restated by the Amended and Restated Subordinate Indenture, dated as of November 1, 2005, as further supplemented and amended), as supplemented and amended by the First Supplement to the Subordinate Indenture, dated as of April 1, 2018, the Second Supplement to the Subordinate Indenture, dated as of March 1, 2021, and the Third Supplement to Subordinate Indenture, dated as of March 1, 2021 (collectively, the “Subordinate Indenture”), between the Commission and the Trustee. Pursuant to the Indenture and the Subordinate Indenture, the Commission and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Commission for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Commission pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Audited Financial Statements” means the audited financial results of the Commission for the applicable Fiscal Year.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city in which the Principal Office of the Trustee is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“Disclosure Representative” shall mean the designee of the Commission designated to act as the Disclosure Representative, or such other person as the Commission shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” means an entity selected and retained by the Commission, or any successor thereto selected by the Commission. The initial Dissemination Agent shall be Digital Assurance Certification LLC.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access System for Municipal Securities disclosures, currently maintained on the internet at <http://emma.msrb.org>.

“Listed Events” shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement, dated _____, 2021, relating to the Bonds.

“Participating Underwriter” shall mean any original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“State” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the Commission may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Commission’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e). The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than one Business Day prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Commission shall provide the Annual Report to the Dissemination Agent (if other than the Commission). The Commission shall provide, or cause the preparer of the Annual Report to provide, a written certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished to it hereunder. The Dissemination Agent may conclusively rely upon such certification and shall have no duty or obligation to review such Annual Report.

(c) If the Commission is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Commission shall send, or shall cause the Dissemination Agent to send, a notice to the Repository or to the MSRB, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and

(ii) file a report with the Commission certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The Audited Financial Statements of the Commission for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Report when such Audited Financial Statements become available.

(b) The debt service schedule for the Bonds, if there have been any unscheduled redemptions, retirements or defeasances, and the debt service on any additional parity bonds issued, in each case during the prior Fiscal Year.

(c) The amount of Sales Tax Revenues (as such term is defined in the Official Statement) received as of the most recently ended Fiscal Year.

(d) The quotient of Sales Tax Revenues received as of the most recently ended Fiscal Year divided by Maximum Annual Debt Service on outstanding bonds payable from such Sales Tax Revenues.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Commission or related public entities, which have been submitted to the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Commission shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) defeasances;
- (3) tender offers;
- (4) rating changes;
- (5) adverse tax opinions or the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax- status of the Bonds or other material events affecting the tax status of the Bonds;
- (6) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (7) unscheduled draws on credit enhancements reflecting financial difficulties;
- (8) substitution of credit or liquidity providers or their failure to perform;
- (9) bankruptcy, insolvency, receivership or similar proceedings; or
- (10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Commission, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Commission in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commission, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commission.

(b) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) Business Days after the occurrence of the event:

- (1) unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (2) modifications to the rights of Holders;
- (3) optional, unscheduled or contingent Bond calls;

- (4) release, substitution or sale of property securing repayment of the Bonds;
- (5) non-payment related defaults;
- (6) consummation of a merger, consolidation or acquisition involving the Commission or the sale of all or substantially all of the assets of the obligated persons, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
- (7) appointment of a successor or additional trustee or the change of the name of a trustee; or
- (8) incurrence of a Financial Obligation of the Commission, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Commission, any of which affect security holders.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the Commission determines would be material under applicable federal securities laws, the Commission shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(d) The Commission intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

(e) If the Dissemination Agent has been instructed by the Commission to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

Section 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Commission’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 8. Dissemination Agent. The Commission may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the Commission.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Commission may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived; provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Commission chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Commission shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Commission to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Commission or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Commission for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Commission, the Trustee, the Holders, or any other party. The obligations of the Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications herein required or permitted to be given shall be in writing and shall be delivered in such manner and to such addresses as are specified in the Indenture.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Commission, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts; Electronic Signatures. This Disclosure Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument. Each of the parties hereto agrees that the transaction consisting of this Disclosure Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Disclosure

Agreement using an electronic signature, it is signing, adopting, and accepting this Disclosure Agreement and that signing this Disclosure Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Disclosure Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Agreement in a usable format.

Date: _____, 2021

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Executive Director

DIGITAL ASSURANCE CERTIFICATION LLC,
as Dissemination Agent

By: _____
Authorized Representative

Exhibit A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Diego County Regional Transportation Commission (the “Commission”)

Name of Issue: \$_____ San Diego County Regional Transportation Commission
Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally
Taxable)

and

\$_____ San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B

Date of Issuance: _____, 2021

NOTICE IS HEREBY GIVEN that the Commission has not provided an Annual Report with respect to the above-captioned Bonds. [The Commission anticipates that the Annual Report will be filed by [date].]

Dated: _____, 20__

Digital Assurance Certification LLC,
as Dissemination Agent

cc: San Diego County Regional Transportation Commission

NRF DRAFT
01/28/21

INVITATION TO TENDER BONDS
(the “Invitation”)
made by
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
(the “Issuer”)

**The Issuer invites Bondholders to offer to sell to the Issuer
for cash its Sales Tax Revenue Bonds (Limited Tax Bonds) 2014 Series A (collectively, the “Bonds”)
serial bonds held by Bondholders with the following CUSIP numbers:**

Maturity Date	Interest Rate	Outstanding Par Amount	CUSIP No.
4/1/2025	5.000%	\$ 6,785,000	797400JG4
4/1/2026	5.000	7,120,000	797400JH2
4/1/2027	5.000	7,480,000	797400JJ8
4/1/2028	5.000	7,850,000	797400JK5
4/1/2029	5.000	8,245,000	797400JL3
4/1/2030	5.000	8,655,000	797400JM1
4/1/2031	5.000	9,090,000	797400JN9
4/1/2032	5.000	9,545,000	797400JP4
4/1/2033	5.000	10,020,000	797400JQ2
4/1/2034	5.000	10,525,000	797400JR0
4/1/2035	5.000	11,050,000	797400JV1
4/1/2036	5.000	11,600,000	797400JW9
4/1/2037	5.000	12,180,000	797400JX7
4/1/2038	5.000	12,790,000	797400JY5
4/1/2039	5.000	13,430,000	797400JS8

**See Section 13 for a description of the [Modified Dutch Auction procedures]
for determining the Purchase Prices**

Key Dates and Times

*All of these dates and times are subject to change and to all conditions described in this Invitation
and related tender materials. All times are New York City time.*

Notices of changes will be sent in the manner provided for in this Invitation.

Expiration Time (unless extended)	5:00 p.m., _____, 2021
Purchase Prices and Second Look Announcement:	10:00 a.m., _____, 2021
Expiration of Second Look, if applicable:	5:00 p.m., _____, 2021
Notice of Final Results and Acceptance:	10:00 a.m., _____, 2021
Settlement Date (unless extended as described herein)	_____, 2021

To make an informed decision as to whether, and how, to offer Bonds, beneficial owners of Bonds (“Bondholders”) must read this Invitation to Tender Bonds carefully and should consult their brokers, account executives or other financial advisors.

The Dealer Managers for this Invitation are:

WELLS FARGO SECURITIES

Julie Burger
(646) 599-2938

julie.burger@wellsfargo.com

Lawrence Stephens
347-978-2664

lawrence.stephens@wellsfargo.com

BOFA SECURITIES

[]: _____
[]: _____

GLOBIC ADVISORS

Attn: Robert Stevens

Tel: (212) 227-9622 Toll-free: 800-974-5771 E-Mail: rstevens@globic.com

Document Website: www.globic.com/

Investors with questions about this Invitation should contact the Information and Tender Agent.

The date of this Invitation is _____, 2021.

IMPORTANT INFORMATION

This Invitation and other information with respect thereto are and will be available from Wells Fargo Securities and BofA Securities, Inc. (“BofA Securities”) (together, the “Dealer Managers”) and Globic Advisors (the “Tender Agent”) at <http://www.globic.com/>. Bondholders wishing to offer to sell their Bonds in response to this Invitation should follow the procedures described in this Invitation. The Issuer reserves the right to cancel or modify this Invitation at any time at or prior to the Expiration Time as provided herein and reserves the right to issue a future invitation or tender offer for Bonds on terms different than those described herein in its sole discretion. The Issuer will have no obligation to purchase Bonds if this Invitation is cancelled or the Issuer fails to accept offers. The Issuer further reserves the right to accept nonconforming offers and tenders or waive irregularities in any offer or tender.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS INVITATION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS INVITATION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INVITATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Invitation is not being extended to, and offers and Bonds tendered in response to this Invitation will not be accepted from or on behalf of, Bondholders in any jurisdiction in which this Invitation or such offer or acceptance would not be in compliance with the laws of such jurisdiction. In any jurisdictions where the securities, “blue sky” or other laws require this Invitation to be made through a licensed or registered broker or dealer, this Invitation shall be deemed to be made on behalf of the Issuer through the Dealer Managers or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Invitation.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Invitation, and, if given or made, such information or representation may not be relied upon as having been authorized by the Issuer.

The delivery of this Invitation shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachment hereto or materials delivered herewith or in the affairs of the Issuer since the date hereof. The information contained in this Invitation is as of the date of this Invitation only and is subject to change, completion, and amendment without notice.

Certain statements contained in or incorporated by reference into this Invitation are “forward-looking statements.” Forward-looking statements are based on the Issuer’s current expectations, estimates, beliefs, assumptions and projections of future performance, taking into account the information currently available to the Issuer. These statements may be identified by the use of words like “expects,” “intends,” “plans,” “aims,” “projects,” “believes,” “anticipates,” “estimates,” “will,” “should,” “could” and other expressions that indicate future events and trends. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such statements. Inevitably, some assumptions used in connection with the forward-looking statements will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between such statements and actual results, and those differences may be material.

Forward-looking statements speak only as of the date of the document in which they are made or as otherwise specified therein. The Issuer disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in the Issuer’s expectations or any change in events, conditions or circumstances on which the forward-looking statement is based.

This Invitation contains important information which should be read before any decision is made with respect to this Invitation.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General	1
Binding Contract to Sell	2
Brokerage Commissions and Solicitation Fees	2
Dealer Managers and Tender Agent	2
TERMS OF THE INVITATION	2
1. Expiration Time	2
2. Offers Only Through the ATOP Accounts	3
3. Information to Bondholders	3
4. Authorized Denominations	3
5. Provisions Applicable to All Offers	4
6. Offers at an Offer Price	4
7. Non-competitive Offers without an Offer Price	4
8. Tender of Bonds by Financial Institutions; ATOP Accounts	5
9. Determinations as to Form and Validity; Right of Waiver and Rejection	5
10. Amendments and Withdrawals of Offers and Tenders Prior to Expiration Time	5
11. Irrevocability of Offers; Return of Bonds Not Purchased	6
12. Determination of Amounts to be Purchased	6
13. Determination of Purchase Prices	6
14. Second Look	6
15. Priority of Purchases	7
16. Acceptance of Offers Constitutes Irrevocable Agreement; Notice of Results	8
17. Settlement Date; Purchase of Bonds	8
18. Representations by Tendering Bondholders	8
19. Conditions to Purchase	9
20. Extension, Termination and Amendment of Invitation; Changes to Terms	10
AVAILABLE INFORMATION	10
ADDITIONAL CONSIDERATIONS	10
Tax Consequences of Bond Tender and Sale vs. Defeasance	10
Treatment of Bonds Not Purchased Pursuant to Offers	10
Offers May be Required to Refund Bonds	11
SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES	11
DEALER MANAGERS	12
TENDER AGENT	13
MISCELLANEOUS	13
[APPENDIX A SOLICITATION FEE PAYMENT REQUEST FORM	A-1]

INVITATION TO TENDER BONDS
made by
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
to the Bondholders described herein of its
Sales Tax Revenue Bonds (Limited Tax Bonds), 2014 Series A

INTRODUCTION

General

This Invitation to Tender Bonds (as it may be amended or supplemented as provided herein, including the cover page and attachment hereto, this “**Invitation**”), is issued by the San Diego County Regional Transportation Commission (the “**Issuer**”), with the assistance of Wells Fargo Securities and BofA Securities, Inc. (“**BofA Securities**”), as dealer managers (together, the “**Dealer Managers**”), to the beneficial owners (the “**Bondholders**”) of the above-captioned bonds of the Issuer with the maturities and CUSIP numbers identified (collectively, the “**Bonds**”), and invites Bondholders to offer to sell Bonds for purchase by the Issuer at a price at or above the minimum price specified by the Bondholder.

Each Bondholder is invited by the Issuer to offer (an “**Offer**”) to sell to the Issuer, for payment in cash, all or part of its beneficial ownership interests in the Bonds in authorized denominations, as set forth herein. An offer to sell may be made (i) at an offer price or prices or (ii) on a non-competitive basis by offering to sell Bonds without specifying an offer price. (See Section 6—“Offers at an Offer Price” and Section 7—“Non-competitive Offers without an Offer Price” herein.) The Issuer may decide to purchase less than all (or none) of the Bonds offered to the Issuer. (See Section 12—“Determination of Amounts to be Purchased” herein.) Offers must be submitted by the Expiration Time specified on the cover page or such later date to which it may be deferred as herein provided (the “**Expiration Time**”). Bonds which the Issuer purchases pursuant to this Invitation will be cancelled. Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the Issuer, the Dealer Managers or the Tender Agent in connection with this Invitation. Bondholders should consult with their brokers, account executives, banks, financial institutions or financial advisors to determine whether they will charge any commissions or fees.

The purchase price for Bonds of each CUSIP if any, (each, a “**Purchase Price**”) which the Issuer decides to purchase, will be paid on the Settlement Date specified on the cover page or such later date to which settlement may be deferred as herein provided (the “**Settlement Date**”). (See Section 17—“Settlement Date; Purchase of Bonds” herein.) Accrued interest on the Bonds up to but not including the Settlement Date (the “**Accrued Interest**”) also will be paid on the Settlement Date.

Bonds which the Issuer does not purchase pursuant to this Invitation will be returned to the Bondholder that offered such Bonds and will remain outstanding. The Bondholders whose Bonds are not purchased pursuant to this Invitation will continue to bear the risk of ownership of such Bonds, although that risk may change if such Bonds are defeased to their first optional redemption date as described below. The purchase of a significant portion of Bonds of a particular CUSIP pursuant to this Invitation may have an adverse effect on the liquidity for the remaining Bonds of such CUSIP. (See “ADDITIONAL CONSIDERATIONS” herein.)

Among other conditions, the Issuer’s obligation to purchase tendered Bonds will be subject to the sale and delivery of the Issuer’s Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series B (the “**Refunding Bonds**”) as described in the Issuer’s Preliminary Official Statement, dated of even date with this Invitation, relating to such bonds (the “**Preliminary Official Statement**”), copies of which are available from the Dealer Managers.

The Issuer is soliciting Offers to sell Bonds and intends to issue the Refunding Bonds in order to refund the Bonds and reduce associated debt service requirements. The Issuer intends, but is not obligated to, accept Offers at prices that will enable it to refund a sufficient amount of Bonds with Refunding Bonds on the Settlement Date. It is anticipated that, subject to market conditions, all or a portion of the Bonds not

tendered for purchase (or tendered but not accepted for purchase by the Issuer) pursuant to this Invitation may be defeased to their first optional redemption date from the proceeds of the Issuer's Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable) (the "Advance Refunding Bonds") anticipated to be issued by the Issuer on or about the Settlement Date, all as described in the Preliminary Official Statement.

The Issuer reserves the right, subject to applicable law, to amend or waive any conditions to this Invitation and its obligations under accepted Offers, in whole or in part, at any time prior to the Expiration Time as provided herein, in its sole discretion. This Invitation may be withdrawn by the Issuer at any time prior to the Expiration Time.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER BONDS FOR SALE IN RESPONSE TO THIS INVITATION, BONDHOLDERS SHOULD READ THIS INVITATION CAREFULLY.

Neither the Issuer nor the Dealer Managers nor the Tender Agent makes any recommendation that any Bondholder offer, or refrain from offering, all or any portion of such Bondholder's Bonds for sale. Bondholders must make these decisions and should read this Invitation and consult with their brokers, account executives, financial advisors and/or other appropriate professionals in doing so.

Binding Contract to Sell

If a Bondholder's Offer to sell Bonds is accepted by the Issuer by the time specified herein, or if a Bondholder's amended Offer to sell Bonds at the Purchase Price established by the Issuer is accepted as described in Section 14—"Second Look" herein, the Bondholder will be obligated to sell, and the Issuer will be obligated to purchase, such Bonds on the Settlement Date at the Purchase Price for such Bonds plus Accrued Interest to the Settlement Date, subject to the conditions described herein. See "Section 19—"Conditions to Purchase" herein.

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the Issuer, the Dealer Managers, or the Tender Agent in connection with this Invitation, Offers, or consummation of accepted Offers. However, Bondholders should check with their brokers, banks, account executives or other financial institutions which maintain the accounts in which their Bonds are held ("*Financial Representatives*") to determine whether they will charge any commissions or fees.

Dealer Managers and Tender Agent

Wells Fargo Securities and BofA Securities are the Dealer Managers for this Invitation. Investors with questions about this Invitation should contact the Dealer Managers or Globic Advisors, which serves as the Information and Tender Agent, at the addresses and telephone numbers set forth on the page preceding the attachment to this Invitation. See "DEALER MANAGERS" and "TENDER AGENT" herein.

TERMS OF THE INVITATION

1. Expiration Time

The Issuer's invitation to submit Offers will expire at the Expiration Time, unless this Invitation is earlier terminated as provided herein.

Offers submitted after the Expiration Time will not be considered, except as described in Section 14—"Second Look" herein.

See “Section 20 – Extension, Termination and Amendment; Changes to Terms” below for a discussion of the Issuer’s right to defer the Expiration Time and to terminate or amend this Invitation.

2. Offers Only Through the ATOP Accounts

The Bonds are all held in book-entry-only form through the facilities of The Depository Trust Company, New York, New York (“**DTC**”) through banks, brokers and other institutions that are participants in DTC.

The Issuer, through the Tender Agent, will establish an Automated Tender Offer Account (an “**ATOP Account**”) at DTC for the offer, tender and payment of Bonds of each CUSIP promptly after the date of this Invitation.

ALL OFFERS TO SELL AND TENDERS OF BONDS MUST BE THROUGH THE APPLICABLE ATOP ACCOUNTS. THE ISSUER WILL NOT ACCEPT ANY OFFER OR TENDER OF BONDS THAT IS NOT SUBMITTED THROUGH AN ATOP ACCOUNT.

Bondholders who are not DTC participants can make offers to sell their Bonds only through the financial institution which maintains the DTC account in which their Bonds are held.

Any financial institution that is a participant in DTC may make an Offer and book-entry tender of Bonds by submitting a Voluntary Offering Instruction to DTC and causing DTC to transfer such Bonds into the applicable ATOP Account in accordance with DTC’s procedures for such instructions and transfers. Bondholders who are not DTC participants can submit Offers and tender Bonds in response to this Invitation only by making arrangements with and instructing their Financial Representative to do so (or to cause their DTC participant to do so) through the applicable ATOP Account. To ensure that Offers are made and Bonds are tendered to the applicable ATOP Account by the Expiration Time, Bondholders must provide instructions to their Financial Representatives in sufficient time for the Financial Representatives to do so (or cause their DTC participants to do so) by the Expiration Time. Bondholders should contact their Financial Representatives for information as to when they need instructions in order to submit Offers and tender Bonds to the applicable ATOP Account by the Expiration Time. See Section 8—“Tender of Bonds by Financial Institutions; ATOP Accounts” herein.

Neither the Issuer nor the Dealer Managers nor the Tender Agent is responsible for the submission of Offers or the transfer of tendered Bonds to the ATOP Accounts or for any mistakes, errors or omissions in submissions and transfers.

3. Information to Bondholders

The Issuer may give information about this Invitation to the market and Bondholders by delivering the information to the following institutions: Bloomberg Financial Market Systems and the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (“**EMMA**”). These institutions, together with the Tender Agent, are collectively referred to herein as the “**Information Services**.” The Tender Agent will deliver information provided to it by the Issuer through its website, <https://www.globic.com/>. Any delivery of information by the Issuer to the Information Services will be deemed to constitute delivery of the information to each Bondholder.

Neither the Issuer nor the Dealer Managers nor the Tender Agent has any obligation to ensure that a Bondholder actually receives any information given to the Information Services.

Bondholders who would like to receive information transmitted by or on behalf of the Issuer to the Information Services may receive such information from the Dealer Managers or the Tender Agent by contacting them using the contact information on the page preceding the attachment to this Invitation or by making appropriate arrangements with their account executives or directly with the Information Services.

Any updates to this Invitation will be distributed through the Information Services. The final Official Statement with respect to the Refunding Bonds will be posted to EMMA.

4. Authorized Denominations

A Bondholder may submit one or more Offers to sell Bonds of one or more series and maturities in an amount of its choosing, but only in a principal amount equal to an authorized denomination of Bonds (\$5,000 or any integral multiple thereof).

5. Provisions Applicable to All Offers

Need for Advice. Bondholders should ask their Financial Representatives or financial advisors for help in determining (a) whether to offer to sell and tender Bonds of a particular CUSIP, (b) the principal amount of such Bonds to be offered, and (c) the minimum purchase price, if any, at or above which such Bonds are offered to be sold. Bondholders also should inquire as to whether their Financial Representatives or financial advisors will charge a fee for submitting Offers or tenders if the Issuer purchases tendered Bonds. Neither the Issuer nor the Dealer Managers nor the Tender Agent will charge any Bondholder for submitting Offers or tendering or selling Bonds.

Need for Specificity of Offer. Neither an Offer nor an accompanying tender of Bonds of any CUSIP may exceed the principal amount of Bonds of such CUSIP owned by the tendering Bondholder, and each Offer must include the following information: (1) the CUSIP number(s) of the Bond(s) being tendered, (2) the principal amount of Bonds with each CUSIP number being tendered, and (3) except in the case of non-competitive Offers (see Section 7—“Non-competitive Offers without an Offer Price”), the price (excluding accrued interest) for each CUSIP number at or above which such Bonds are offered to be sold to the Issuer in response to this Invitation. The principal amount must be specified in integral multiples of \$5,000 and, if not so specified, will be reduced to the nearest integral multiple of \$5,000. Specified prices may not include fractions of a cent. If they do, they will be rounded down to the nearest whole cent.

“All or none” offers are not permitted. No alternative, conditional or contingent Offers or tenders will be accepted.

ALL OFFERS FOR AND TENDERS OF BONDS MUST BE MADE THROUGH THE APPLICABLE ATOP ACCOUNTS. THE ISSUER WILL NOT ACCEPT ANY OFFERS OR TENDERS THAT ARE NOT MADE THROUGH THE APPLICABLE ATOP ACCOUNTS. See Section 8—“Tender of Bonds by Financial Institutions; ATOP Accounts” herein.

General. Bondholders may offer to sell and tender only Bonds that they own or control. By offering to sell and tendering Bonds in response to this Invitation, Bondholders will be deemed to have represented and agreed with the Issuer as set forth below under “—Representations by Tendering Bondholders.” All Offers and tenders shall survive the death or incapacity of the tendering Bondholder.

6. Offers at an Offer Price

A Bondholder may make an Offer to sell Bonds of a particular CUSIP in a principal amount of its choosing (in authorized denominations only) and at a price of its choosing (an “***Offer Price***”) expressed in dollars per \$1,000 of the principal amount of the Bonds of such CUSIP being offered. An Offer Price may contain no more than two numbers to the right of the decimal point. Any Offer Price containing more than two numbers to the right of the decimal point will be truncated to two numbers.

A Bondholder may offer portions (in authorized denominations) of Bonds of a particular CUSIP that it owns at more than one Offer Price (or part with one or more Offer Prices and part without an Offer Price as described in the next section) so long as all of the offers do not exceed the principal amount of such Bonds owned by that Bondholder. Offers at differing Offer Prices for Bonds of the same CUSIP

must each be submitted separately, and Offers for Bonds of each distinct CUSIP must also be submitted separately.

An Offer Price for Bonds must not include Accrued Interest. Accrued Interest will be added to the Offer Price in determining the price to be paid on the Settlement Date.

7. Non-competitive Offers without an Offer Price

A Bondholder may also make an Offer to sell Bonds of a particular CUSIP in a principal amount of its choosing by offering such Bonds without specifying an Offer Price (or part without an Offer Price and part with Offer Prices as described in the prior section). Offers that do not specify an Offer Price are referred to herein as “*non-competitive Offers*.” If the Issuer decides to purchase Bonds of a CUSIP for which one or more non-competitive Offers are submitted, then any such non-competitive Offers will be accepted for purchase at the Purchase Price paid for all Bonds of such CUSIP. Pursuant to Section 15—“Priority of Purchases,” non-competitive Offers will have the highest priority of offered Bonds of the same CUSIP to be purchased by the Issuer.

8. Tender of Bonds by Financial Institutions; ATOP Accounts

The Issuer, through the Tender Agent, will establish an ATOP Account at DTC for the Bonds of each CUSIP to which this Invitation relates for purposes of this Invitation within three business days after the date of this Invitation. Offers to sell Bonds may be made to the Issuer only through the applicable ATOP Account. Any financial institution that is a participant in DTC may make a book-entry Offer of the Bonds by (a) causing DTC to transfer such Bonds into the applicable ATOP Account in accordance with DTC’s procedures and (b) concurrently transferring an agent’s message in connection with such book-entry transfer to the applicable ATOP Account, in each case by not later than the Expiration Time. The ATOP Account will accept Offers at Offer Prices in increments of \$00.01 with DTC’s system able to accept Offer Prices in a maximum possible range of \$2,000.00 and with a minimum of \$200.00. *This range is provided for operational purposes related to the ATOP Account only and is not indicative of any pricing guidance from the Issuer or any other party related to this Invitation.* In order to ensure accurate receipt of each Bondholder’s intended Offer Price and any subsequent dissemination of funds, participants in DTC must submit an individual Voluntary Offering Instruction for each Beneficial Owner wishing to submit one or more Offers in response to this Invitation. Should a Bondholder offer Bonds at a variety of Offer Prices, a unique Voluntary Offering Instruction for each Offer Price must be submitted. The date and the time of submission of Bonds for purchase will be determined by the date and time at which Bonds are submitted into the applicable ATOP Account.

ALL OFFERS AND TENDERS OF BONDS MUST BE MADE THROUGH THE APPLICABLE ATOP ACCOUNT. THE ISSUER WILL NOT ACCEPT ANY OFFERS OR TENDERS THAT ARE NOT MADE THROUGH THE APPLICABLE ATOP ACCOUNT.

Bondholders who are not DTC participants can submit Offers and tender Bonds in response to this Invitation only by making arrangements with their Financial Representatives, instructing them to submit and tender (or cause their DTC participant to submit and tender) such Offers and Bonds through the applicable ATOP Account. To ensure that Offers are submitted and Bonds are tendered to the applicable ATOP Account by the Expiration Time, Bondholders must provide instructions to their Financial Representatives in sufficient time to enable them to do so by the Expiration Time. Bondholders should contact their Financial Representatives for information as to when instructions are needed in order to submit Offers and tender Bonds to the applicable ATOP Account by the Expiration Time.

9. Determinations as to Form and Validity; Right of Waiver and Rejection

All questions as to the validity, form, eligibility and acceptance of Offers (including the tender of Bonds through the ATOP Accounts) will be determined by the Issuer in its sole discretion, and such determination will be final, conclusive and binding.

The Issuer reserves the right to waive any irregularities or defects in any Offer or tender or to reject any nonconforming Offer or tender. Neither the Issuer nor the Dealer Managers nor the Tender Agent is obligated to give notice of any defect or irregularity in Offers or tenders of Bonds, and they will have no liability for failing to give such notice.

10. Amendments and Withdrawals of Offers and Tenders Prior to Expiration Time

A Bondholder may amend its Offer in any respect it chooses by causing a withdrawal message for the Offer to be received at the applicable ATOP Account a new Offer for the same Bonds to be submitted to such ATOP Account by not later than the Expiration Time.

Offers and tenders of Bonds may be withdrawn by causing a withdrawal message to be received at the applicable ATOP Account prior to the Expiration Time.

11. Irrevocability of Offers; Return of Bonds Not Purchased

All offers to sell Bonds will become irrevocable at the Expiration Time, except (i) non-competitive Offers made for Bonds of a particular CUSIP where the Issuer chooses a price that is below the lowest received Offer Price for that CUSIP, (ii) non-competitive Offers made for Bonds of a particular CUSIP where Offers of all Bonds of the same CUSIP do not specify an Offer Price, and (iii) Offers made for Bonds at Offer Prices that are above the Purchase Price established for Bonds of the same CUSIP but for which the Issuer allows a second look (see Section 14—“Second Look”), which will become irrevocable as of 5:00 p.m. on the third business day following the Expiration Time, in each case subject to Section 20—“Extension, Termination and Amendment of Invitation; Changes to Terms.” The Issuer will instruct DTC to return to the offering institutions those Bonds that were offered but were not accepted for purchase. Neither the Issuer nor the Dealer Managers nor the Tender Agent are responsible or liable for the return of Bonds to offering institutions or Bondholders or when such Bonds are returned.

12. Determination of Amounts to be Purchased

The Issuer is not required to purchase any Bond offered. The Issuer will determine which Bonds, if any, it will purchase. The Issuer therefore has the right to purchase none, some, or all of the Bonds of a particular CUSIP offered and to make different decisions for Bonds of different CUSIPs. After the Expiration Time, the Issuer will determine the amount (if any) of the Bonds of each CUSIP that it will purchase based on such factors as the Issuer in its sole discretion deems relevant.

13. Determination of Purchase Prices

There will be a single purchase price (not including Accrued Interest), expressed in dollars per \$1,000 principal amount (a “**Purchase Price**”), determined as described in this section, for the Bonds of each CUSIP that the Issuer decides to purchase. The Purchase Price for Bonds of a particular CUSIP may differ from the Purchase Price for the Bonds of any other CUSIP. The Purchase Price for the Bonds of each CUSIP that the Issuer decides to purchase will be determined by the Issuer by a “Modified Dutch Auction” procedure described in the following paragraph.

Under the procedure, if the Issuer elects to purchase Bonds of a CUSIP that are the subject of Offers, the Issuer will choose a Purchase Price for Bonds of such CUSIP by 10 a.m. on the second business day (currently _____, 2021) after the Expiration Time. The Purchase Price for Bonds of each CUSIP does not have to be based on any Offer Price received for that CUSIP, but may be whatever price the Issuer decides. Bonds of each CUSIP offered at Offer Prices at or below the Purchase Price established by the Issuer for that CUSIP will be purchased at that Purchase Price. In addition, Bonds of each CUSIP offered without specifying an Offer Price will be purchased at the Purchase Price for that CUSIP, if any Bonds of that CUSIP offered at an Offer Price are purchased or if the Bondholder fails to withdraw its Offer as described below. If the Issuer chooses a Purchase Price for Bonds of a particular CUSIP that is below

the lowest Offer Price submitted for that CUSIP, or if all the Bonds of a particular CUSIP offered are offered without specifying an Offer Price, Bondholders who made offers to sell such Bonds without specifying an Offer Price may direct the financial institutions that hold their Bonds to withdraw their original Offer. To be effective, such withdrawal must be received at the applicable ATOP Account prior to 5:00 p.m. on the third business day following the Expiration Time. Any Bondholders who have not withdrawn their Bonds by that date and time will be deemed to have accepted the Purchase Price for that CUSIP, and its Offer will be deemed accepted. **Any Bondholder who may be unable to receive notice of the Purchase Price or to act on its right of withdrawal should make arrangements for someone else to act on its behalf.**

14. Second Look

The Issuer may set the Purchase Price for the Bonds of a particular CUSIP that will result in it accepting for purchase less than all of the Bonds of such CUSIP it desires to purchase. In this case, the Issuer may, but is not obligated to, allow Bondholders who offered Bonds of such CUSIP at Offer Prices that exceeded the Purchase Price for such Bonds to submit amended Offers to sell some or all of their previously offered Bonds of this CUSIP at this Purchase Price. If the Issuer allows amended Offers, it will notify the Information Services at or about 10:00 a.m. on the second business day (currently _____, 2021) after the Expiration Time. A copy of such notification will also be posted on the website of the Information and Tender Agent (www.globic.com/_____) and on EMMA. Such notification will state the Purchase Price (excluding Accrued Interest) for the Bonds of each CUSIP that the Issuer intends to accept for purchase. If the Issuer allows amended Offers to be submitted for Bonds of any CUSIP, Bondholders who submitted Offers to sell such Bonds at prices greater than the Purchase Price may direct the financial institutions that hold their Bonds to submit an amended Offer to sell such Bonds at the Purchase Price. To be effective, an amended Offer of Bonds must be received at the applicable ATOP Account prior to 5:00 p.m. on the third business day after the Expiration Time. An amended Offer must be submitted in the same manner as the original offer. **A Bondholder may submit an amended Offer only for Bonds of CUSIPs that it initially offered and for which the Issuer allows amended Offers. Any Bondholder who may be unable to receive notice of the Purchase Price or to institute an amended Offer on a timely basis should make arrangements for someone else to act on its behalf.**

15. Priority of Purchases

Offers to sell Bonds of any CUSIP pursuant to this Invitation that are accepted by the Issuer, if any, will be accepted in the following order of priority:

- The first Bonds of such CUSIP to be accepted for purchase will be Bonds initially offered without an Offer Price (i.e., non-competitive Offers). If only non-competitive Offers are accepted for purchase for Bonds of such CUSIP, and if fewer than all Bonds offered by such Offers are accepted for purchase, Offers will be accepted by date and time (earliest to latest) as determined by the sequence by which such Bonds were received into the applicable ATOP Account. If more than one Offer for Bonds of such CUSIP is received at the same date and time, the Issuer will accept Bonds of such CUSIP for which such Offers were submitted on a pro rata basis reflecting the ratio of the aggregate principal amount of the Bonds of such CUSIP offered by each Bondholder at such date and time to the aggregate principal amount of all of Bonds of such CUSIP offered at such date and time, to the greatest extent practicable consistent with authorized denominations.
- The second Bonds of such CUSIP to be accepted for purchase will be Bonds initially offered at Offer Prices at or below the applicable Purchase Price. If fewer than all such Bonds of such CUSIP are accepted for purchase, offers will be accepted in order of increasing Offer Prices (lowest to highest) at which such Bonds were offered. If more than one Offer is received at the same Offer Price and fewer than all such Bonds are accepted for purchase at that Offer Price, Offers at such Offer Price will be accepted in order of the date and time (earliest to latest) at which such Bonds

were received into the applicable ATOP Account. If more than one Offer for Bonds of such CUSIP at the same Offer Price is received at the same date and time, the Issuer will accept Bonds of such CUSIP for which such Offers were submitted on a pro rata basis reflecting the ratio of the principal amount of the Bonds of such CUSIP offered by each Bondholder at such Offer Price and date and time to the aggregate principal amount of all of such Bonds offered at such Offer Price and date and time, to the greatest extent practicable consistent with authorized denominations.

- The third Bonds of such CUSIP to be accepted for purchase will be Bonds offered for sale under amended Offers submitted as described in Section 14—“Second Look” herein. If fewer than all such Bonds are accepted for purchase, amended Offers will be accepted in order of increasing Offer Prices (lowest to highest) at which such Bonds were initially offered. If more than one amended Offer for such Bonds is received with the same initial Offer Price and fewer than all such Bonds are accepted for purchase, amended Offers will be accepted in order of the date and time of such initial Offers (earliest to latest) as determined by the sequence by which such Bonds were received into the applicable ATOP Account. If more than one amended Offer for such Bonds is received with the same initial Offer Price, date and time of initial Offer, amended Offers will be accepted on a pro rata basis reflecting the ratio of the principal amount of the Bonds of such CUSIP by each Bondholder with such initial Offer Price, date, and time to the aggregate principal amount of all such Bonds with such initial Offer Price, date and time subject to amended Offers, to the greatest extent practicable consistent with authorized denominations.

If, as a result of any apportionments described above, the Issuer would be required to accept a principal amount of Bonds that is not equal to an authorized denomination, the Issuer will, in such manner as is in its sole discretion, round up or down the principal amount of Bonds to be accepted from any affected Bondholder so that the principal amount of its Bonds accepted will be equal to an authorized denomination. All such determinations and allocations will be final and binding.

Any Bonds not accepted for purchase as a result of the procedures described herein will be returned to offering institutions promptly in accordance with DTC’s procedures.

16. Acceptance of Offers Constitutes Irrevocable Agreement; Notice of Results

Acceptance by the Issuer of Bonds initially offered, and offered pursuant to amended Offers as described in Section 14—“Second Look,” will be deemed made when written notification is transmitted by the Issuer to the Information Services. Such notification will be made on or about 10:00 a.m. on the fourth business day (currently _____, 2021) following the Expiration Time. The notification will state, for the Bonds of each CUSIP, (i) the principal amount of such Bonds that the Issuer has accepted for purchase, the Purchase Price (excluding Accrued Interest) for such Bonds, and the amount purchased or (ii) that the Issuer has decided not to purchase any Bonds of such CUSIP.

If the Issuer accepts any Offer to sell validly tendered Bonds of any CUSIP, the accepted Offer will constitute an irrevocable agreement by the offering Bondholder to sell and the Issuer to purchase such Bonds, subject to satisfaction or waiver of all conditions to the Issuer’s obligation to purchase tendered Bonds. See Section 19 – “Conditions to Purchase.”

Notwithstanding any other provision of this Invitation or Offers, the Issuer’s obligation to purchase and pay for Bonds validly offered and tendered (and not validly withdrawn) for sale to the Issuer in response to this Invitation is subject to the satisfaction or waiver by the Issuer of the conditions set forth in “Conditions to Purchase” below. The Issuer reserves the right, subject to applicable law, to amend or waive any of the conditions to this Invitation, the Offers, and contracts formed by the acceptance of Offers, in whole or in part, at any time prior to the Expiration Time or from time to time thereafter, in its sole discretion. This Invitation may be withdrawn by the Issuer at any time prior to the Expiration Time.

17. Settlement Date; Purchase of Bonds

On the Settlement Date, the Issuer will purchase and pay for all Bonds validly tendered for sale to the Issuer pursuant to accepted Offers, at the applicable Purchase Price plus Accrued Interest thereon to the Settlement Date, subject to satisfaction or waiver by the Issuer of all conditions to the Issuer's obligation to sell, and the tendering Bondholders will sell such Bonds to the Issuer for such consideration. The Settlement Date is the date specified on the cover page, unless deferred by the Issuer.

The Issuer may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change. See Section 19—"Conditions to Purchase" below.

If the conditions to the Issuer's obligation to purchase Bonds tendered pursuant to accepted Offers are satisfied or waived, the Issuer will pay the Purchase Price plus Accrued Interest in immediately available funds on the Settlement Date by deposit of such amount with DTC. The Issuer expects that, in accordance with DTC's standard procedures, DTC will transmit the Purchase Price with Accrued Interest in immediately available funds to its participant financial institutions that hold such Bonds for delivery to the Bondholders. **Neither the Issuer nor the Dealer Managers nor the Tender Agent has any responsibility or liability for the distribution of such purchase prices by DTC or its participant financial institutions to Bondholders.**

18. Representations by Tendering Bondholders

By offering and tendering Bonds for sale to the Issuer in response to this Invitation, each tendering Bondholder will be deemed to have represented to and agreed with the Issuer that:

(a) the Bondholder has received and has had an opportunity to review this Invitation prior to making its decision to submit an Offer and tender Bonds, and agrees if its Offer is accepted by the Issuer with respect to any Bonds, it will be obligated to sell such Bonds on the terms and conditions set forth in this Invitation;

(b) the Bondholder has full power and authority to offer to sell, tender, sell, assign and transfer the tendered Bonds; and if its Offer is accepted by the Issuer with respect to any Bonds, on the Settlement Date the Issuer will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the Purchase Price for such Bonds plus Accrued Interest thereon to the Settlement Date;

(c) the Bondholder has made its own independent decisions to offer and tender its Bonds for sale to the Issuer in response to this Invitation and as to the terms thereof, and such decisions are based upon the Bondholder's own judgment and upon advice from such advisors whom the Bondholder has determined to consult;

(d) the Bondholder is not relying on any communication from the Issuer, the Dealer Managers, or the Tender Agent as investment advice or as a recommendation to offer and tender Bonds for sale to the Issuer, it being understood that the information from the Issuer, the Dealer Managers, and the Tender Agent related to the terms and conditions of this Invitation and Offers is not considered investment advice or a recommendation to offer and tender Bonds; and

(e) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of this Invitation and its Offer.

19. Conditions to Purchase

The obligation of the Issuer to purchase Bonds tendered pursuant to accepted Offers is conditioned upon the Issuer receiving sufficient economic benefit therefrom when taken together with the issuance of the Refunding Bonds, on terms and conditions that are in the Issuer's sole discretion. Payment for offered Bonds is also subject to the sale and delivery of the Refunding Bonds on or before the Settlement Date for a price sufficient to fund the Purchase Price of Bonds so tendered and Accrued Interest, and pay associated transaction and issuance costs. **[should sale and delivery of the 2021 Series A Bonds also be a condition?]**

In addition, if, after the Expiration Time but prior to payment for Bonds on the Settlement Date, any of the following events should occur, the Issuer will have the absolute right to cancel its obligation to purchase Bonds tendered pursuant to accepted Offers without any liability to any Bondholder:

- Litigation or another proceeding is pending or threatened which the Issuer reasonably believes may, directly or indirectly, have an adverse impact on the Issuer or the expected benefits to the Issuer or Bondholders of accepted Offers or the purchase or defeasance of Bonds;
- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the Issuer reasonably believes this fact makes it inadvisable to proceed with the purchase or defeasance of Bonds;
- A material change in the business or affairs of the Issuer has occurred which the Issuer reasonably believes makes it inadvisable to proceed with the purchase or defeasance of Bonds;
- A material change in the net economics of the transaction has occurred due to a material change in market conditions which the Issuer reasonably believes makes it inadvisable to proceed with the purchase or defeasance of Bonds; or
- There shall have occurred a material disruption in securities settlement, payment or clearance services.
- The Issuer does not have, for any reason, sufficient funds on the Settlement Date from the proceeds of the Refunding Bonds to purchase Bonds tendered and accepted for purchase pursuant to this Invitation and to pay all fees and expenses associated with the Refunding Bonds and this Invitation.

The conditions described in this subsection are for the sole benefit of the Issuer and may be asserted by the Issuer, prior to the time of payment for the Bonds it has agreed to purchase, regardless of the circumstances giving rise to any condition, or may be waived by the Issuer in whole or in part at any time and from time to time in its discretion, and may be exercised independently for Bonds of each CUSIP. Failure by the Issuer to assert or waive any such condition at any time will not be deemed a waiver of its right to do so, and a waiver of any such right with respect to particular facts and other circumstances will not be deemed a waiver of such rights with respect to other facts and circumstances. Each of these rights will be deemed an ongoing right of the Issuer which may be asserted or waived at any time and from time to time prior to payment for the Bonds it has agreed to purchase. Any determination by the Issuer concerning the events described in this section will be final and binding upon all parties.

20. Extension, Termination and Amendment of Invitation; Changes to Terms

At or before the Expiration Time, the Issuer may defer the Expiration Time, as to any or all of the Bonds, to any date in its sole discretion, provided that a notice of the deferral is given to the Information Services, including by posting to EMMA on or about 9:00 a.m., New York City time, on the first business day after the Expiration Time.

The Issuer also has the right, prior to acceptance of Offers to sell tendered Bonds to the Issuer as described above in Section 16—“Acceptance of Offers Constitutes Irrevocable Agreement; Notice of Results,” to terminate this Invitation at any time by giving notice to the Information Services. The termination will be effective at the time specified in such notice.

The Issuer also has the right, prior to acceptance of Offers to sell tendered Bonds to the Issuer as described above in Section 16—“Acceptance of Offers Constitutes Irrevocable Agreement; Notice of Results” to amend or waive the terms of this Invitation in any respect and at any time by giving notice to the Information Services. The amendment or waiver will be effective at the time specified in such notice.

If the Issuer defers the Expiration Time, or amends the terms of this Invitation (including by waiving any term) in any material respect, the Issuer may (but is not required to) disseminate additional Invitation material and defer the Expiration Time to the extent required to allow reasonable time for dissemination to Bondholders and for Bondholders to respond.

No extension, termination or amendment (or waiver of any terms) of this Invitation will change the Issuer’s right to decline to purchase Bonds without liability on the conditions stated herein. See Section 19—“Conditions to Purchase” herein.

Neither the Issuer nor the Dealer Managers nor the Tender Agent has any obligation to ensure that a Bondholder actually receives any information given to the Information Services.

AVAILABLE INFORMATION

Information relating to the Bonds and the Issuer may be obtained by contacting the Tender Agent at the contact information set forth on the cover page to this Invitation. Such information is limited to (i) this Invitation, (ii) the information set forth in the Preliminary Official Statement, and (iii) information about the Issuer available through EMMA.

ADDITIONAL CONSIDERATIONS

In deciding whether to submit an Offer in response to this Invitation, Bondholders should consider carefully, in addition to the other information contained in this Invitation, the following:

Tax Consequences of Bond Tender and Sale vs. Defeasance

If Bonds are tendered to and purchased by the Issuer pursuant to accepted Offers submitted in response to this Invitation, tendering Bondholders will generally recognize a taxable gain or loss, as explained and with the qualifications summarized under “SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES” below.

If Bonds are not tendered to and purchased by the Issuer pursuant to accepted Offers submitted in response to this Invitation, the Bonds may be defeased to their first optional redemption date as described above if the Issuer is able to and elects to sell and deliver its Sales Tax Revenue Bonds (Limited Tax Bonds), 2021 Series A (Federally Taxable) to defease all or a portion of Bonds not tendered and purchased. In general, Bondholders will not recognize gain or loss as a result of the defeasance of Bonds, as explained and with the qualifications summarized under “SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES” below.

Treatment of Bonds Not Purchased Pursuant to Offers

If Bonds are not tendered to and purchased by the Issuer pursuant to accepted Offers submitted in response to this Invitation, but rather are defeased to their first optional redemption date as described above, they will remain outstanding, but backed by the credit of escrowed obligations of or guaranteed by the U.S. Treasury maturing as to principal and interest at times and in amounts determined to be sufficient to pay when due the principal of and interest on such Bonds to, and to redeem such Bonds on, the first date on

which they may be redeemed at the option of the Issuer, as specified inside the cover page. If Bonds of any CUSIP are purchased by the Issuer pursuant to accepted Offers submitted in response to this Invitation but are not defeased as described above, the principal amount of Bonds of such CUSIP to remain outstanding will be reduced, which could adversely affect the liquidity and consequent market value of such Bonds.

If the Issuer is unable or chooses not to consummate a refunding of Bonds of any CUSIP by purchasing Bonds tendered with accepted Offers on or around the Settlement Date, such Bonds will remain outstanding and subject to payment risks. If the Issuer is unable or chooses not to defease Bonds of any CUSIP to their first optional redemption date, that are not purchased and cancelled pursuant to Offers, then such Bonds will remain outstanding and subject to payment risks.

Offers May be Required to Refund Bonds

While the Issuer desires and intends to refund all or a substantial part of the Bonds on or around the Settlement Date, its ability to refund the Bonds may depend on (a) market conditions when the Refunding Bonds and Advance Refunding Bonds are sold (including both the yield at which Refunding Bonds and Advance Refunding Bonds may be sold and the rate of interest at which proceeds of the Refunding Bonds and Advance Refunding Bonds may be invested to the maturity of or any earlier redemption date for Bonds), (b) the amount of Bonds tendered for purchase, and (c) the minimum price at or above which Bondholders offer to tender their Bonds. If too few Bondholders offer to sell their Bonds at prices that compare favorably to the cost of defeasing Bonds, then the Issuer may be unable to refund the Bonds, and Bondholders will be left with the risks associated with an investment in the Bonds.

If the Issuer is unable to purchase and/or defease the Bonds on or around the Settlement Date, or if it chooses not then to defease Bonds to their first optional redemption date as described above, it reserves the right, and may in the future decide, to acquire some or all of the Bonds through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine and to which Bondholders agree, which may be more or less than the Purchase Prices at which it is willing to accept Offers. Any such future acquisition of Bonds may be on the same terms or on terms that are more or less favorable to Bondholders than the terms of this Invitation. Any decision by the Issuer to acquire Bonds in the future and the terms of any such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the Issuer will ultimately choose to pursue in the future, if it does not refund the Bonds with the Refunding Bonds and/or Advance Refunding Bonds on or around the Settlement Date.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of the U.S. federal income tax consequences for Bondholders whose Bonds are (a) purchased pursuant to Offers submitted in response to this Invitation or (b) not purchased pursuant to Offers and, accordingly, are defeased to the first optional redemption date as described above with proceeds of the Issuer's Advance Refunding Bonds.

[to come from Bond Counsel]

DEALER MANAGERS

The Issuer has retained Wells Fargo Bank, National Association to act on its behalf as one of the Dealer Managers for this Invitation. Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

[The Issuer has retained BofA Securities, Inc. to act on its behalf as one of the Dealer Managers for this Invitation.

The Issuer has agreed to pay the Dealer Managers as compensation for services as Dealer Managers a fee of \$ ____ for each \$1,000 in principal amount of Bonds tendered pursuant to this Invitation and to reimburse the Dealer Managers for its reasonable out-of-pocket costs and expenses relating to this Invitation. The Dealer Managers fee and expenses will be paid from the proceeds of the bonds that will be issued in part to fund the purchase of any tendered Bonds. References in this Invitation to the Dealer Managers are to Wells Fargo Securities and BofA Securities only in their capacity as the Dealer Managers.

The Dealer Managers may contact Bondholders regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Invitation to beneficial owners of Bonds.

The Dealer Managers and its affiliates together comprise a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Managers and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Issuer for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Managers and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the Issuer, including the Bonds. [As of the date of this Invitation, the public finance department of the Dealer Managers does not hold any Bonds. Affiliates of the Dealer Managers may have holdings of Bonds that they are unable to disclose for legal or regulatory reasons.]

In addition to its role as Dealer Managers for the Bonds, Wells Fargo Securities and BofA Securities are also serving as underwriters of the Issuer's offering of the Refunding Bonds and Advance Refunding Bonds as described in the Preliminary Official Statement.]

Neither Dealer Manager is acting as a financial or municipal advisor to the Issuer in connection with this Invitation.

TENDER AGENT

The Issuer has retained Globic Advisors to serve as Tender Agent for this Invitation. the Issuer has agreed to pay the Tender Agent customary fees for its services and to reimburse the Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Invitation and accepted Offers.

MISCELLANEOUS

No one has been authorized by the Issuer, the Dealer Managers, or the Tender Agent to recommend to any Bondholder whether to offer to sell and tender Bonds pursuant to this Invitation or the amount of Bonds to offer or the minimum price at above which they are offered. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation and as described under “Section 13—Information to Bondholders” herein. No such recommendation, information or representation may be relied upon as having been authorized by the Issuer, the Dealer Managers or the Tender Agent.

Neither the Issuer nor the Dealer Managers nor the Tender Agent makes any recommendation that any Bondholder offer to sell at any price and tender (or refrain from offering and tendering) all or any portion of such Bondholder’s Bonds. Bondholders must make these decisions and should read this Invitation and consult with their brokers, account executives, financial advisors and/or other professionals in doing so.

Investors with questions about this Invitation should contact the Dealer Managers or the Tender Agent.

The Dealer Managers for this Invitation are:

WELLS FARGO SECURITIES

Julie Burger: (646) 599-2938
Julie.Burger@wellsfargo.com

Lawrence Stephens: (347) 978-2664
lawrence.stephens@wellsfargo.com

BOFA SECURITIES

Bryon Rockwell: (213) 345-9585
bryon.rockwell@bofa.com

_____ : _____

The Tender Agent for this Invitation is:

Globic Advisors

485 Madison Avenue, 7th Floor
New York, New York 10022
Tel: (212) 227-9622
Attn: Robert Stevens
Email: rstevens@globic.com
Document Website: www.globic.com/_____

TransNet Proposed 2021 Short-Term Notes Refunding

Overview

As discussed in Agenda Item 10, at the November 20, 2020, Board of Directors meeting, along with SANDAG's financial advisors, staff identified a package of strategies that will enable the agency to increase its financial flexibility and enjoy significant interest savings, while meeting its short-term funding commitments under the Major Corridors program. The proposed 2021 Short-Term Notes Refunding was one of those identified strategies. At the January 22, 2021, meeting staff gave the Board of Directors an overview of the proposed transaction.

Key Considerations

In 2018, SANDAG issued the 2018A Short-Term Notes in the amount of \$537.5 million to fund project costs on the Mid-Coast Corridor Transit project. Under the existing plan, these Short-Term Notes are going to be "taken out" with a draw on the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan on April 1, 2021. While the previous original TIFIA loan had a rate of 2.72%, the Short-Term Notes were issued at a rate of 1.85%, saving approximately \$5 million per year during the construction period, compared to directly using the TIFIA loan for construction costs.

SANDAG has now locked in a new TIFIA loan rate of 1.75%. Under the new TIFIA loan agreement, SANDAG can delay the draw on that loan until October 1, 2022, and instead re-issue new Short-Term Notes at an approximate rate of 0.53% for the additional 18-month period. Given the low yields in the current market, this strategy results in a lower total interest cost and delays the draw on the higher cost TIFIA loan and results in approximately \$10 million of debt service savings over the life of the TIFIA loan.

SANDAG has debt obligations on three separate lien levels, providing different priority of sales tax payment to investors based on their respective lien level. The Series 2008A through 2020A Bonds are senior lien obligations and are paid first. The 2018A Notes and commercial paper obligations are paid second as subordinate lien obligations. SANDAG's TIFIA loan is a third lien, junior subordinate lien obligation. SANDAG's potential refunding discussed is the subordinate lien obligations. The memo provided by PFM Financial Advisors LLC (Attachment 1) details the economics and refunding recommendations of the Series 2018A Notes.

Responsibilities for Review

Attached to this report for review and information are the preliminary bond documents for the proposed Series 2021 Note issuance (Attachments 3 through 7).

Action: Adopt

The Transportation Committee recommends that the Board of Directors, acting as the Regional Transportation Commission (RTC), adopt RTC Resolution No. RTC-2021-04, authorizing up to \$537.5 million of refunding notes, and the execution and distribution of the documents, in substantially the same form as attached (Attachments 3 through 7).

Fiscal Impact:

Potential cash flow savings of over \$10.5 million.

Schedule/Scope Impact:

Short-Term Notes are anticipated to be issued in early 2021.

The Board of Directors, in its role as the San Diego County Regional Transportation Commission, has the ultimate responsibility for approving the 2021 transaction. Before making a decision regarding the Notes issuance, Board members will be asked to review all of the documents to become familiar with their contents. Board members should pay particular attention to the information contained in the Preliminary Official Statement (Attachment 4) to ensure there are no inaccuracies concerning SANDAG.

Board members also will be asked to ensure that to the best of their knowledge all of the factual statements are true and correct in all material respects and that the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in any of the documents regarding SANDAG misleading. When carrying out their fiduciary responsibilities, public officials may rely upon employees, bond counsel, disclosure counsel, and other professionals to assure that they are in compliance with the antifraud provisions of the federal securities laws, as long as the reliance is reasonable. In order for the reliance to be considered reasonable, the public official must: (1) make complete disclosure to the appropriate professional of any potentially material mistake or omission in the documents; (2) request the professional's advice as to what disclosure is proper; (3) receive advice regarding the appropriate disclosure; and (4) rely in good faith on that advice.

SANDAG Bond Counsel (Orrick, Herrington & Sutcliffe LLP), disclosure counsel (Norton Rose Fulbright LLP), and financial advisor (PFM) will be present at the February 12, 2021, Board meeting to provide information to the Board regarding proper disclosure. The Chief Executive Director (Hasan Ikhata), Chief Financial Officer (André Douzdjian), *TransNet* Department Director (José Nuncio), Chief Economist (Ray Major), and General Counsel (John Kirk) have all reviewed the draft Bond documents, and to the best of the staff's knowledge, all of the statements are true and correct in all material respects, and the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in those documents regarding SANDAG misleading.

Next Steps

Upon approval, the expected schedule for the planned Series 2021 Bond issuance is as follows:

- Week of February 15: Post Preliminary Official Statement and marketing of Short-Term Notes
- Week of February 22: Anticipated pricing date
- Week of March 15: Anticipated closing date

André Douzdjian, Chief Financial Officer

Key Staff Contact: Dawn Vettese, (619) 595-5346, dawn.vettese@sandag.org

- Attachments:
1. PFM Financial Advisors LLC Memorandum
 2. Resolution No. RTC-2021-04
 3. Draft Second Supplement to Subordinate Indenture
 4. Draft Preliminary Official Statement
 5. Draft Continuing Disclosure Agreement
 6. Draft Notes Purchase Agreement
 7. Draft Escrow Agreement



January 8, 2021

Memorandum

To: SANDAG Board of Directors
From: PFM Financial Advisors LLC
RE: 2021 Short-Term Notes

INTRODUCTION

PFM Financial Advisors LLC (“PFM”), as the financial advisor to SANDAG, works with SANDAG to identify refinancing opportunities in the current market environment. Following the recent economic slowdown during the COVID-19 pandemic, taxable and tax-exempt interest rates have decreased significantly. The 30-year tax-exempt rate is currently approximately 1.43%, 2.36% lower than its twenty-year average. The US Treasury taxable rates are also low with the 30-year Treasury rate at 1.86%, 1.98% lower than its twenty-year average. These low rates have created the opportunity to refinance SANDAG’s Series 2018A short-term notes, re-issuing the notes at a lower rate of approximately 0.53% for 18 months. While SANDAG expects to take-out the short-term notes with a draw on the federal TIFIA loan, the rate on the 35-year TIFIA loan is expected to be between 1.75% and 2.00% when SANDAG completes the renegotiation of that loan in the next two week; a very low rate for a long-term loan, but higher than short-term rates prevailing today. By delaying a draw on SANDAG’s TIFIA loan until October 1, 2022 (versus drawing on the loan immediately), SANDAG can reduce debt service costs (principal and interest payments) by approximately \$10.5 million.

This memorandum discusses current bond market conditions, SANDAG’s existing debt portfolio and details the potential savings from refinancing Series 2018A notes.

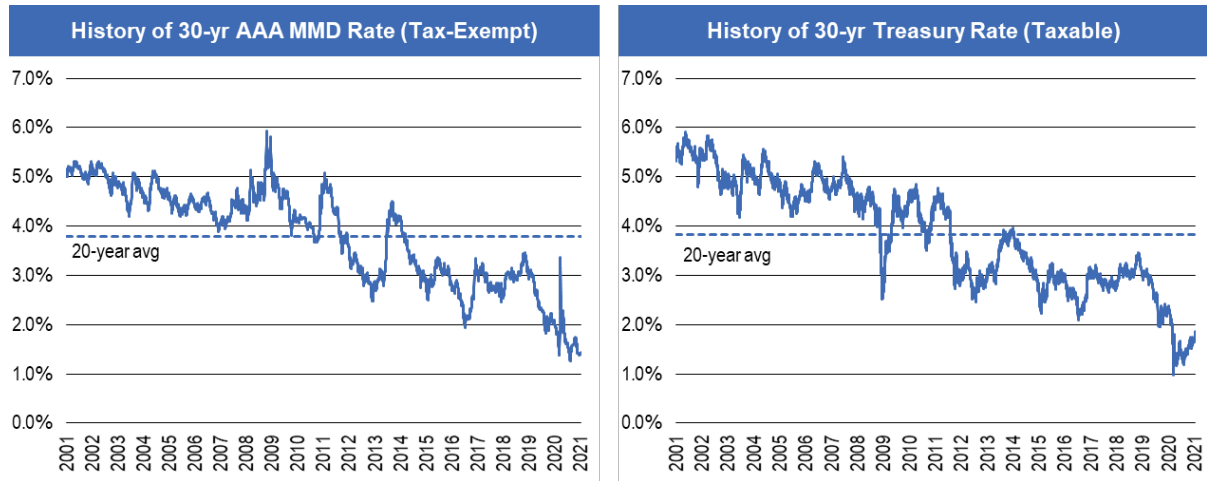
MARKET UPDATE

For the purpose of tracking tax-exempt municipal interest rates over time, we use the AAA Municipal Market Data Index (“AAA MMD”), which serves as the benchmark against which most tax-exempt, fixed-rate transactions are priced. For the purpose of tracking taxable municipal interest rates over time, we use the U.S. Treasury rates, which serves as the benchmark against which taxable, fixed-rate transactions are priced. The chart below tracks the 30-year MMD rate as well as the 30-year Treasury rate since 2000.

Both tax-exempt and taxable rates declined dramatically following the start of the COVID-19 pandemic with record lows in August 2020. The rates have since ticked up from their lowest levels. That said, the current market still provides a very favorable environment for borrowing. Investors have been flocking to safe investment options such municipal bonds in the wake of the COVID-19 pandemic and uncertainty in economic recovery. That coupled with a favorable supply-demand dynamics support continued municipal demand for both tax-exempt and taxable debt.



As shown in the chart below the tax-exempt interest rates are low with the 30-year MMD rate at 1.43%, 2.36% lower than its twenty-year average. The taxable rates are also low with the 30-year Treasury rate at 1.86%, 1.98% lower than its twenty-year average.





SANDAG'S OUTSTANDING DEBT OVERVIEW

SANDAG, serving as the San Diego County Regional Transportation Commission, has \$2.315 billion of outstanding long term debt, including the Series 2018A Short Term Notes (Notes) issued in April 2018. Of the total debt portfolio, 17 percent consists of synthetic, fixed-rate bonds (variable rate bonds hedged with fixed-payer interest rate swaps), and the remaining 83 percent are fixed-rate bonds. Currently, the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan is undrawn and does not represent an obligation of SANDAG at this time. A summary of the outstanding bonds is tabulated and graphically presented below.

Summary of Outstanding Debt						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
2008A	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008B	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008C	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008D	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2010A	Taxable	Fixed Rate	\$338,960,000	\$338,960,000	Make-Whole	4/1/2048
2012A	Tax-Exempt	Fixed Rate	\$420,585,000	\$40,935,000	4/1/2022	4/1/2048
2014A	Tax-Exempt	Fixed Rate	\$350,000,000	\$170,420,000	4/1/2024	4/1/2048
2016A	Tax-Exempt	Fixed Rate	\$325,000,000	\$307,880,000	4/1/2026	4/1/2048
2019A	Taxable	Fixed Rate	\$442,620,000	\$442,620,000	4/1/2030	4/1/2048
2020A	Taxable	Fixed Rate	\$74,820,000	\$74,820,000	4/1/2030	4/1/2048
2018A Notes	Tax-Exempt	Fixed-Rate	\$537,480,000	\$537,480,000	Non-Callable	4/1/2021
Total				\$2,315,415,000		
Summary of TIFIA Loan Commitment						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
TIFIA*	Taxable	Fixed-Rate	\$537,484,439	\$0	Anytime	10/1/2045
Total with Loan Commitment				\$2,315,419,439		

*The TIFIA loan will be drawn upon in 2022 to retire the 2021 Notes. The simultaneous draw on the TIFIA loan and the retirement of the 2021 Notes will have an offsetting impact and will not increase the amount of total obligations outstanding.

SANDAG has debt obligations on three separate lien levels, providing different priority of sales tax payment to investors based on their respective lien level. The Series 2008A through 2020A Bonds are senior lien obligations and are paid first. The 2018A Notes and commercial paper obligations are paid second as subordinate lien obligations. SANDAG's TIFIA loan is a third lien, junior subordinate lien obligation.

SANDAG's senior lien debt service is generally level in aggregate, in the range of \$103.7 million to \$106.7 million annually. The 2018A Notes are short-term obligations, with a final maturity in April 2021. Assuming SANDAG draws on the TIFIA loan as expected, to complete the Mid-Coast Corridor Transit Project and to repay the Notes, SANDAG's aggregate debt service (including all three liens) will peak at \$165 million in FY 2045. Senior lien debt service coverage, using sales tax receipts of \$305.9 million for the 12 months ending June 30, 2020, is 2.86 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$2.86 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings. Total coverage, when comparing the annual revenues for the 12



months ending June 30, 2020, to peak debt service (including assumed debt service on the undrawn TIFIA loan) in FY 2045, is 1.85 times.

REFINANCING THE OUTSTANDING SERIES 2018A SHORT-TERM NOTES

In 2018, SANDAG issued short-term notes in the amount of \$537,480,000 to fund project costs on the Mid Coast Transit Project. Under the previous plan, these short-term notes were to be “taken out” with a draw on the TIFIA loan on April 1, 2021. While the current TIFIA loan has a rate of 2.72 percent, the short-term notes were issued at a rate of 1.85 percent, saving approximately \$5 million per year during the construction period, compared to directly using the TIFIA loan for construction costs.

Under the updated strategy and current renegotiation with the TIFIA office for a lower rate, SANDAG may realize a new TIFIA loan rate between approximately 1.75% and 2.00%. Under the new TIFIA loan agreement, SANDAG will delay the draw on that loan until October 1, 2022 and instead re-issue new short-term notes at an approximate rate of 0.53 percent for the additional 18-month period. Given the low yields in the current market and the expected 4.00 or 5.00 percent coupons to be offered to investors, the transaction would raise approximately \$35 million in premium from investors which can be used to pay interest on the notes during the 18-month period. This strategy results in a lower total interest cost and delays the draw on the higher cost TIFIA loan and results in approximately \$10.5 million of debt service savings over the life of the TIFIA loan.



NEXT STEPS

Rating Agency Strategy: Since the onset of the COVID-19 pandemic, SANDAG staff has provided information to the rating agencies. Also, in the last two weeks, during the refinancing process for SANDAG's outstanding TIFIA loan both Fitch and S&P confirmed their "AAA" ratings on SANDAG's senior lien and "AA" ratings for the subordinate lien. This provides very strong ratings to issue additional bonds on both the senior and subordinate lien. Staff and the financing team will engage both rating agencies to provide ratings on subordinate lien notes, should the Board desire to proceed.

Documents and Schedule: SANDAG staff and the financing team are preparing documents to refund the existing 2018A short-term notes for savings. Documents would come to the Board for first review on January 22nd, to the Transportation Committee on February 5th for potential recommendation to the Board, and a second time to the Board on February 12th for review and approval prior to transaction execution. If approved by the Board, staff and the financing team would prepare to price the notes on February 23rd and close the transaction on March 16th.



401 B Street, Suite 800
San Diego, CA 92101
Phone (619) 699-1900
Fax (619) 699-1905
sandag.org

Regional Transportation Commission
Resolution No. 2021-04

Authorizing the Issuance of Not to Exceed \$537,480,000 Aggregate Principal Amount of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds)

WHEREAS, the San Diego County Regional Transportation Commission (the "Commission") adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan on July 31, 1987 (as amended, the "1987 Ordinance"), pursuant to the provisions of Sections 132000 through 132314, inclusive, of the Public Utilities Code of the State of California, which 1987 Ordinance provided for the imposition of a retail transactions and use tax (the "retail transactions and use tax") applicable in the incorporated and unincorporated territory of the County of San Diego (the "County") in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California at the rate of one-half of one percent (1/2%) for a period not to exceed twenty (20) years;

WHEREAS, by its terms the 1987 Ordinance became effective at the close of the polls on November 3, 1987, the day of the election at which the proposition imposing the retail transactions and use tax was adopted by a majority vote of the electors voting on such proposition;

WHEREAS, in order to provide for the extension of the initial term of the retail transactions and use tax for a period of forty (40) years, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan on May 28, 2004 (the "Sales Tax Extension Ordinance," and, together with any amendments thereto and the 1987 Ordinance, hereinafter collectively referred to as the "Ordinance");

WHEREAS, by its terms the Sales Tax Extension Ordinance became effective on November 3, 2004, the day following the date of the election at which the proposition providing for the extension of the retail transactions and use tax was approved by at least two-thirds of the electors voting on such proposition;

WHEREAS, the Board of Directors (the "Board") of the Commission, pursuant to the San Diego County Regional Transportation Commission Act (constituting Chapter 2 of Division 12.7 of the California Public Utilities Code) and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said Act, and Article 10 and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53570 et seq.), and other applicable provisions of the laws of the State of California (collectively, the "Law"), is authorized to issue bonds payable from the proceeds of the retail transactions and use tax levied by the Commission;

WHEREAS, the Commission has heretofore entered into a TIFIA Loan Agreement, dated as of June 27, 2017 (the "2017 TIFIA Loan Agreement"), by and between the Commission and the United States Department of Transportation, an agency of the United State of America, acting by and through the Executive Director of the Build America Bureau (the "TIFIA Lender"), in anticipation of financing on a long-term basis certain eligible costs of the Mid-Coast Corridor Transit Project (the "TIFIA Eligible Project Costs");

WHEREAS, the Commission has not drawn proceeds under the 2017 TIFIA Loan Agreement;

WHEREAS, in order to provide for the issuance, authentication and delivery of certain limited tax obligations, the Commission has heretofore executed and delivered a Subordinate Indenture, dated as of April 1, 2018 (the "Subordinate Indenture"), by and between the Commission and U.S. Bank National Association, as trustee (the "Notes Trustee");

WHEREAS, the Commission previously issued under the Subordinate Indenture as supplemented by a First Supplement to the Subordinate Indenture, dated as of April 1, 2018, by and between the Commission and the Notes Trustee, its "San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A" (the "2018 Short-Term Notes"), for the purpose of providing funds to finance or refinance TIFIA Eligible Project Costs and certain other purposes;

WHEREAS, the Commission has under its Resolution No. RTC 2021-02 authorized the execution and delivery of a TIFIA Loan Agreement for the Mid-Coast Corridor Transit Project (the "TIFIA Loan Agreement") in anticipation of financing on a long-term basis the TIFIA Eligible Project Costs previously financed or refinanced by the 2018 Short-Term Notes and to replace the 2017 TIFIA Loan Agreement;

WHEREAS, the Commission hereby determines that one or more new series or subseries of short-term notes in an aggregate principal amount of not to exceed five hundred thirty-seven million four hundred eighty thousand dollars (\$537,480,000), to be secured as Parity Debt (as defined in the Subordinate Indenture), is necessary to provide funds to (i) refund all or a portion of the outstanding 2018 Short-Term Notes, and (ii) pay for the costs of issuance incurred in connection with such short-term notes, and has determined that such short-term notes in an amount not to exceed such principal amount shall be issued and entitled, subject to additional series and subseries designations, "San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A" (the "2021 Short-Term Notes");

WHEREAS, the Commission hereby further determines that the 2021 Short-Term Notes shall be issued pursuant to, and as Parity Debt (as defined in the Subordinate Indenture) under, the Subordinate Indenture (as previously amended and supplemented) and a Second Supplement to the Subordinate Indenture (the "Second Supplemental Indenture"), to be entered into by and between the Commission and the Notes Trustee, a proposed form of which Second Supplemental Indenture has been prepared and presented to the Commission;

WHEREAS, on or prior to the maturity date of the 2021 Short-Term Notes, the Commission anticipates drawing proceeds under the TIFIA Loan Agreement for payment of the principal of the 2021 Short-Term Notes or, to the extent sufficient funds are not available or eligible thereunder, to issue additional Senior Lien Debt (as defined in the Subordinate Indenture) or additional Notes or Parity Debt (as defined in the Subordinate Indenture) to refinance the 2021 Short-Term Notes or to retire a portion of the 2021 Short-Term Notes from available Revenues (as defined in the Subordinate Indenture);

WHEREAS, in order to set forth the terms of sale of the 2021 Short-Term Notes, the Commission proposes to enter into one or more note purchase agreements (collectively, the "Note Purchase Agreement") with one or more representatives of its underwriters, being Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Goldman Sachs & Co. LLC, Siebert Williams Shank & Co., LLC, and Academy Securities Inc., as applicable (collectively, the "Underwriters") and a proposed form of Note Purchase Agreement has been prepared and submitted to the Commission;

WHEREAS, in order to provide information about the 2021 Short-Term Notes and related matters to purchasers and potential purchasers of the 2021 Short-Term Notes, the Commission proposes to execute and deliver an official statement, a proposed form of which has been prepared and presented to the Commission in preliminary form (the "Preliminary Official Statement");

WHEREAS, there has been prepared and presented to the Commission a proposed form of Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") to be executed and delivered by the Commission to assist the Underwriters in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission;

WHEREAS, there has been prepared and presented to the Commission a proposed form of Escrow Agreement (the "Escrow Agreement") with U.S. Bank National Association, as escrow agent, to be executed and delivered by the Commission in connection with the refunding of the 2018 Short-Term Notes;

WHEREAS, Norton Rose Fulbright US LLP, is representing the Commission as bond counsel ("Bond Counsel") and as disclosure counsel ("Disclosure Counsel") and PFM Financial Advisors LLC is serving as municipal advisor ("Municipal Advisor") to the Commission in connection with the 2021 Short-Term Notes;

WHEREAS, in compliance with Government Code Section 5852.1, the Commission has obtained from the Municipal Advisor the certain required good-faith estimates and such estimates are disclosed and set forth in Exhibit A attached hereto;

WHEREAS, the Commission has been presented with the form of the Second Supplemental Indenture, the Note Purchase Agreement, the Preliminary Official Statement, the Continuing Disclosure Agreement and the Escrow Agreement relating to the financing and refinancing described herein (collectively, the "Financing") and the Commission has examined and approved each document and desires to authorize and direct the execution of such documents as are specified herein and such other documents as are necessary in connection with the Financing and to authorize and direct the consummation of the Financing; and

WHEREAS, all acts, conditions and things required by the Law and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the Financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Commission is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such Financing and to authorize the execution of the Second Supplemental Indenture, the Note Purchase Agreement, the official statement in final form, the Continuing Disclosure Agreement and the Escrow Agreement for the purposes, in the manner and upon the terms provided;

NOW THEREFORE BE IT RESOLVED that the SANDAG Board of Directors, ALSO ACTING AS THE SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The issuance by the Commission of not to exceed \$537,480,000 aggregate principal amount of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A in accordance with the provisions of the Subordinate Indenture and the Second Supplemental Indenture, in one or more series or subseries, in order to provide funds to (i) refund all or a portion of the outstanding 2018 Short-Term Notes, and (ii) pay for the costs of issuance incurred in connection with the 2021 Short-Term Notes, is hereby authorized and approved.

Section 2. The proposed form of Second Supplemental Indenture, between the Commission and the Notes Trustee, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary of the Board is directed to file a copy of said form of Second Supplemental Indenture with the minutes of this meeting, and any one of the Chair of the Board, the Executive Director of the Commission or the Director of Finance of the Commission or a designee of any such official (each an "Authorized Representative"), and the Secretary of the Board are authorized and directed to execute and deliver the Second Supplemental Indenture to the Notes Trustee, in substantially such form, and with such additions thereto or changes therein, as they, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Second Supplemental Indenture. The structure, date, maturity date or dates (not to extend beyond November 1, 2022), interest rate or rates (not to exceed six percent (6.0%) per annum, and with a not to exceed one and twenty-five hundredths percent (1.25%) per annum true interest cost), interest payment dates, forms, registration privileges, place or places of payment, terms of redemption, mandatory purchase, additional series designation and number or letter thereof and other terms of the 2021 Short-Term Notes shall be (subject to the foregoing limitations) as provided in the Second Supplemental Indenture as finally executed and delivered.

Section 3. The proposed form of the Preliminary Official Statement describing the 2021 Short-Term Notes, the security therefor and the documents to be executed in connection with the issuance of the 2021 Short-Term Notes, and related matters, submitted to the Commission, is hereby approved. The Authorized Representative is hereby authorized and directed to execute and deliver an Official Statement in substantially such form, and with such additions thereto or changes therein, as the Authorized Representative executing the same, with the advice of Disclosure Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Official Statement; and the Authorized Representative is hereby authorized and directed to execute and deliver a certificate confirming that the Preliminary Official Statement is "deemed final" by the Commission for purposes of Securities and Exchange Commission Rule 15c2-12. The distribution by the Underwriters of copies of the Official Statement in final form to all actual purchasers of the 2021 Short-Term Notes and the distribution by the Underwriters of the Preliminary Official Statement to potential purchasers of the 2021 Short-Term Notes are hereby authorized and approved.

Section 4. The proposed form of Note Purchase Agreement providing for the sale of the 2021 Short-Term Notes submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary of the Board is directed to file a copy of said form of the Note Purchase Agreement with the minutes of this meeting. The sale of the 2021 Short-Term Notes to the Underwriters, on one or more sale dates, at not less than the principal amount thereof, less an underwriters' discount (or subject to an underwriters' fee payable by the Commission to the Underwriters) of not to exceed twenty-five hundredths percent (0.25%) of such principal amount (exclusive of any original issue discount) in accordance with said Note Purchase Agreement and the costs of issuance (exclusive of underwriters' discount) to be financed with respect to any series of 2021 Short-Term Notes not to exceed twenty-five hundredths percent (0.25%) of the proceeds of the sale of such series of 2021 Short-Term Notes, be and is hereby authorized and approved, and the Authorized Representative is authorized and directed to complete, execute and deliver the Note Purchase Agreement in substantially such form, providing for the sale of one or more series or subseries of 2021 Short-Term Notes not to exceed \$537,480,000 in aggregate principal amount, such issue or issues to be, at such principal amounts, with such interest rates, maturities and discounts to be specified therein, and with such additions thereto or changes therein, as the Authorized Representative executing the same, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Note Purchase Agreement.

Section 5. The Authorized Representative is hereby authorized and directed to execute and deliver a Continuing Disclosure Agreement in substantially the form before the Commission with such changes and additions as such officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Authorized Representative is hereby authorized and directed to execute and deliver an Escrow Agreement in substantially the form before the Commission with such changes and additions as such officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Chair and the Secretary of the Board, the Executive Director and the Director of Finance of the Commission, and other appropriate officers of the Board or the Commission, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Commission, to execute and deliver any and all documents, certificates and representations, including, without limitation, swap terminations or amendments, redemption or defeasance notices, credit documents or amendments, signature certificates, no-litigation certificates, tax certificates, letters of representation relating to book-entry registration, insurance agreements, reimbursement agreements or amendments, investment instructions, certificates concerning the contents of the Official Statement and the representations and warranties in the Note Purchase Agreement and related agreements, and certificates, agreements, and the documents authorized by this Resolution, substantially in the respective forms presented at this meeting, and with such additions thereto or changes therein, including such changes as may be requested by the TIFIA Lender, as they, with the advice of Bond Counsel, shall approve, and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Commission has approved in this Resolution.

Section 8. All approvals, consents, directions, instructions, notices, orders, requests, indemnifications and other actions permitted or required by any of the documents authorized by this Resolution or executed or outstanding in connection with the 2018 Short-Term Notes or the 2021 Short-Term Notes or other bonds or notes of the Commission, including, without limitation, any amendment or substitution of any of the documents authorized by this Resolution or relating to any of the foregoing agreements or obligations that may be necessary or desirable in connection with any liquidity or credit facility, any swaps, any reserve facility, any investment of proceeds of any series of bonds or notes, or in connection with any disclosure document, any agreements with trustees, paying agents, credit providers, liquidity providers, counterparties, remarketing agents, escrow agents, calculation agents or verification agents, may be given or taken by an Authorized Representative, without further authorization or direction by the Commission, and any and all such actions heretofore taken by such officers are hereby ratified, confirmed, and approved, and the Authorized Representatives are each hereby authorized and directed to execute such documents and give any such approval, amendment, consent, direction, instruction, notice, order, request, indemnification or other action and to take any such action that such person may deem necessary or desirable to further the purposes of this Resolution.

Section 9. The Commission hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act.

Section 10. All actions heretofore taken by the officers and agents of the Board or the Commission with respect to the rating, issuance, purchase, execution and delivery of the 2021 Short-Term Notes and the refunding of the 2018 Short-Term Notes are hereby ratified, confirmed and approved.

Section 11. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 12th of February 2021.

Ayes

Noes

Absent

**Chair of the Board of Directors
of the San Diego County Regional
Transportation Commission**

[Seal]

Attest

**Secretary of the Board of Directors of the
San Diego County Regional Transportation
Commission**

EXHIBIT A
GOOD-FAITH ESTIMATES

San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Short-Term Notes
(Limited Tax Bonds)
2021 Series A

[Estimates remain subject to change.] The following information was obtained from PFM Financial Advisors LLC, as the municipal advisor of the notes defined above (the "2021 Short-Term Notes"), for consideration prior to the authorization in the foregoing Resolution of the proposed 2021 Short-Term Notes:

1. *True Interest Cost of the 2021 Short-Term Notes.* Assuming the proposed maximum aggregate principal amount of the 2021 Short-Term Notes (\$537,480,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the 2021 Short-Term Notes, which means the rate necessary to discount the amounts payable on the principal and interest payment dates to the purchase price received for the 2021 Short-Term Notes, is 0.60%.

2. *Finance Charge of the 2021 Short-Term Notes.* Assuming the maximum aggregate principal amount of the proposed 2021 Short-Term Notes (\$537,480,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the 2021 Short-Term Notes, which means the sum of all fees and charges paid to third parties (or costs associated with the issuance of the 2021 Short-Term Notes), is \$1,220,250.

3. *Amount of Proceeds To Be Received.* Assuming the maximum aggregate principal amount of the proposed 2021 Short-Term Notes (\$537,480,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the issuer for sale of the 2021 Short-Term Notes less the finance charge of the 2021 Short-Term Notes described in 2 above and any reserves funded with proceeds of the 2021 Short-Term Notes, is \$572,146,811.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the proposed 2021 Short-Term Notes (\$537,480,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the issuer will make to pay debt service on the 2021 Short-Term Notes plus the finance charge of the 2018 Short-Term Notes described in paragraph 2 above not paid with the proceeds of the 2021 Short-Term Notes, calculated to the final maturity of the 2021 Short-Term Notes, is \$577,791,000.

Attention is directed to the fact that the foregoing information constitutes good-faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of 2021 Short-Term Notes sales, the amount of 2021 Short-Term Notes sold, the amortization of the 2021 Short-Term Notes sold and market interest rates at the time of each sale. The date or dates of sale and the amount of 2021 Short-Term Notes sold will be determined by the issuer based on need for funds and other factors. The actual interest rates at which the 2021 Short-Term Notes will be sold will depend on the bond market at the time of each sale. The actual amortization of the 2021 Short-Term Notes will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the issuer's control.

SECRETARY'S CERTIFICATE

I, _____, Secretary of the Board of Directors of the San Diego County Regional Transportation Commission, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Commission duly and legally held at the regular meeting place of the Commission in San Diego, California [or by teleconference as permitted by law], on February 12, 2021, of which meeting all of said directors of the Commission had due notice and at which a majority thereof were present and acting throughout; and

At said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

An agenda of said meeting was posted at least 72 hours before said meeting at a location in San Diego, California, freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda;

I have carefully compared the foregoing with the original minutes and recording of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes; and

Said original resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand and the seal of the San Diego County Regional Transportation Commission this ____ day of _____ 2021.

[Seal]

Secretary of the Board of Directors of the
San Diego County Regional Transportation
Commission

SECOND SUPPLEMENT TO THE SUBORDINATE INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of March 1, 2021

Supplementing the Subordinate Indenture
dated as of April 1, 2018

Relating To
San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Short-Term Notes
(Limited Tax Bonds)
2021 Series A

TABLE OF CONTENTS

Page

ARTICLE XXV

DEFINITIONS AND AMENDMENTS

SECTION 25.01	Definitions.....	3
SECTION 25.02	Additional Definitions	3
SECTION 25.03	Parity Debt Amendments	5

ARTICLE XXVI

FINDINGS, DETERMINATIONS AND DIRECTIONS

SECTION 26.01	Findings and Determinations	5
SECTION 26.02	Recital in Notes	6
SECTION 26.03	Effect of Findings and Recital	6

ARTICLE XXVII

AUTHORIZATION OF 2021 SHORT-TERM NOTES

SECTION 27.01	Principal Amount, Designation and Series	6
SECTION 27.02	Purpose and Application of Proceeds and Other Amounts	6
SECTION 27.03	Form, Denomination, Numbers and Letters; Book Entry	7
SECTION 27.04	Date, Maturity and Interest Rate	8
SECTION 27.05	[Reserved]	8
SECTION 27.06	Transfer of 2021 Short-Term Notes	9
SECTION 27.07	Exchange of 2021 Short-Term Notes	9
SECTION 27.08	2021 Short-Term Notes Register	9
SECTION 27.09	Temporary 2021 Short-Term Notes	9
SECTION 27.10	2021 Short-Term Notes Mutilated; Lost; Destroyed or Stolen	10
SECTION 27.11	Use of Depository	10

ARTICLE XXVIII

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

SECTION 28.01	Funds and Accounts	12
SECTION 28.02	[Reserved]	12
SECTION 28.03	2021 Short-Term Notes Costs of Issuance Fund	12

TABLE OF CONTENTS
(continued)

Page

ARTICLE XXIX

REVENUES

SECTION 29.01	Pledge of Revenues; Revenue Fund	12
SECTION 29.02	Allocation of Sales Tax Revenues.....	13

ARTICLE XXX

COVENANTS OF THE COMMISSION

SECTION 30.01	Punctual Payment.....	15
SECTION 30.02	Extension of Payment of 2021 Short-Term Notes.....	15
SECTION 30.03	Waiver of Laws.....	15
SECTION 30.04	Further Assurances.....	16
SECTION 30.05	Against Encumbrances.....	16
SECTION 30.06	Accounting Records and Financial Statements.....	16
SECTION 30.07	[Reserved]	16
SECTION 30.08	2021 Short-Term Notes Rebate Fund.....	16
SECTION 30.09	Tax Covenants	17

ARTICLE XXXI

EVENTS OF DEFAULT AND REMEDIES OF NOTEHOLDERS

SECTION 31.01	Events of Default	18
SECTION 31.02	[Reserved]	18
SECTION 31.03	Trustee to Represent Holders.....	19
SECTION 31.04	Holders' Direction of Proceedings.....	19
SECTION 31.05	Limitation on Holders' Right to Sue.....	19
SECTION 31.06	Absolute Obligation of the Commission.....	19
SECTION 31.07	Termination of Proceedings.....	19
SECTION 31.08	Remedies Not Exclusive	19
SECTION 31.09	No Waiver of Default.....	20

ARTICLE XXXII

DEFEASANCE

SECTION 32.01	Discharge of Second Supplement	20
SECTION 32.02	Discharge of Liability on 2021 Short-Term Notes	20
SECTION 32.03	Deposit of Money or Securities	21
SECTION 32.04	Payment of 2021 Short-Term Notes After Discharge of Second	

TABLE OF CONTENTS
(continued)

Page

Supplement	21

ARTICLE XXXIII

MISCELLANEOUS

SECTION 33.01	Best Efforts to Draw on TIFIA Loan Agreement, Issue Indenture Bonds or Obtain Other Financing	21
SECTION 33.02	Terms of the 2021 Short-Term Notes Subject to the Indenture.....	21
SECTION 33.03	Severability	21
SECTION 33.04	Parties Interested Herein	22
SECTION 33.05	Headings Not Binding.....	22
SECTION 33.06	Notice Addresses	22
SECTION 33.07	Notices to Rating Agencies.....	22
SECTION 33.08	Indenture to Remain in Effect.....	22
SECTION 33.09	Effective Date of Second Supplement	22
SECTION 33.01	Electronic Signatures	23
SECTION 33.02	Execution in Counterparts.....	23
EXHIBIT A - FORM OF 2021 SHORT-TERM NOTE		A-1

SECOND SUPPLEMENT TO THE SUBORDINATE INDENTURE

This SECOND SUPPLEMENT TO THE SUBORDINATE INDENTURE, dated as of March 1, 2021 (this “Second Supplement”), between the SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly established and existing under the laws of the State of California (the “Commission”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”);

W I T N E S S E T H:

WHEREAS, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan on July 31, 1987 (as amended, the “1987 Ordinance”), pursuant to the provisions of Sections 132000 through 132314, inclusive, of the Public Utilities Code of the State of California, which 1987 Ordinance provided for the imposition of a retail transactions and use tax (the “retail transactions and use tax”) applicable in the incorporated and unincorporated territory of the County of San Diego (the “County”) in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code at the rate of one-half of one percent (1/2%) for a period not to exceed twenty (20) years;

WHEREAS, by its terms the 1987 Ordinance became effective at the close of the polls on November 3, 1987, the day of the election at which the proposition imposing the retail transactions and use tax was adopted by a majority vote of the electors voting on such proposition;

WHEREAS, in order to provide for the extension of the initial term of the retail transactions and use tax for a period of forty (40) years, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (the “Sales Tax Extension Ordinance,” and, together with the 1987 Ordinance, hereinafter collectively referred to as the “Ordinance”) on May 28, 2004;

WHEREAS, by its terms the Sales Tax Extension Ordinance became effective on November 3, 2004, the day following the date of the election at which the proposition providing for the extension of the retail transactions and use tax was approved by at least two-thirds of the electors voting on such proposition;

WHEREAS, the Commission has heretofore executed and delivered the TIFIA Loan Agreement, effective as of June 27, 2017 (the “2017 TIFIA Loan Agreement”) in anticipation of financing on a long-term basis certain eligible costs of the Mid-Coast Corridor Transit Project (the “TIFIA Eligible Project Costs”);

WHEREAS, in order to provide for the issuance, authentication and delivery of certain limited tax obligations, the Commission has heretofore executed and delivered a

Subordinate Indenture, dated as of April 1, 2018, by and between the Commission and the Trustee (the “Original Indenture”);

WHEREAS, the Commission previously issued under the Original Indenture as supplemented by a First Supplement to the Original Indenture, dated as of April 1, 2018, by and between the Commission and the Trustee, its “San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A” (the “2018 Short-Term Notes”), for the purpose of providing funds to (i) finance TIFIA Eligible Project Costs relating to any portion of the Project (as such term is defined in Section 1.02 of the Indenture) and certain other purposes;

WHEREAS, the Commission has heretofore terminated the 2017 TIFIA Loan Agreement without drawing proceeds thereunder and, concurrently with such termination, executed and delivered the TIFIA Loan Agreement, effective as of January __, 2021 (the “TIFIA Loan Agreement”) in anticipation of financing on a long-term basis the TIFIA Eligible Project Costs previously financed or refinanced by the 2018 Short-Term Notes;

WHEREAS, the Commission desires to provide at this time for the issuance of a series of short-term notes pursuant to, and as Parity Debt under, the Original Indenture as previously amended and supplemented and as amended and supplemented by this Second Supplement (the Original Indenture as so amended and supplemented, the “Indenture”), to be designated “San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A” (the “2021 Short-Term Notes”), for the purpose of providing funds to (i) refund the outstanding 2018 Short-Term Notes and (ii) pay for Costs of Issuance of the 2021 Short-Term Notes, all as provided in this Second Supplement;

WHEREAS, on or prior to the maturity date of the 2021 Short-Term Notes, the Commission anticipates drawing proceeds under the TIFIA Loan Agreement for payment of the principal of the 2021 Short-Term Notes or, to the extent sufficient funds are not available or eligible thereunder, to issue additional Senior Lien Debt or additional Notes or Parity Debt under the Indenture to refinance the 2021 Short-Term Notes or to retire a portion of the 2021 Short-Term Notes from available Revenues;

WHEREAS, the execution and delivery of this Second Supplement has in all respects been duly and validly authorized by a resolution duly passed and approved by the Commission; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Second Supplement;

NOW, THEREFORE, THIS SECOND SUPPLEMENT TO THE SUBORDINATE INDENTURE WITNESSETH, that in order to provide for the issuance of one or more series of short-term notes, the Commission does hereby agree and covenant with the

Trustee for the benefit of the respective Owners, from time to time, of the Notes, or any part thereof, as follows:

ARTICLE XXV

DEFINITIONS AND AMENDMENTS

SECTION 25.01 **Definitions.** All capitalized terms not otherwise defined herein shall have the meaning assigned to them in Section 1.02 of the Indenture.

SECTION 25.02 **Additional Definitions.** The following terms shall, for all purposes of the Indenture, including this Second Supplement, have the following meanings:

Authorized Denominations

“Authorized Denominations” means, with respect to the 2021 Short-Term Notes, any integral multiple of \$5,000.

Beneficial Owner

“Beneficial Owner” means any Person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any 2021 Short-Term Note, including, without limitation, any Person holding 2021 Short-Term Notes through nominees or depositories, including the Depository.

Interest Payment Date

“Interest Payment Date” means, with respect to the 2021 Short-Term Notes, each April 1 and October 1, commencing October 1, 2021.

Holder or Noteholder or Noteowner or Owner

“Holder” or “Noteholder” or “Noteowner” or “Owner,” whenever used herein with respect to a 2021 Short-Term Note, means the person in whose name such 2021 Short-Term Note is registered.

Issue Date

“Issue Date” means, with respect to the 2021 Short-Term Notes, the date on which the 2021 Short-Term Notes are first delivered to the purchasers thereof.

Maturity Date

“Maturity Date” means, with respect to the 2021 Short-Term Notes, April 1, 2022.

Outstanding

“Outstanding,” when used as of any particular time with reference to 2021 Short-Term Notes, means (subject to the provisions of Section 11.10) all 2021 Short-Term Notes theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (1) 2021 Short-Term Notes theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) 2021

Short-Term Notes with respect to which all liability of the Commission shall have been discharged in accordance with Section 32.02, including 2021 Short-Term Notes (or portions of 2021 Short-Term Notes) referred to in Section 11.10; and (3) 2021 Short-Term Notes for the transfer or exchange of or in lieu of or in substitution for which other 2021 Short-Term Notes shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

Participant

“Participant” includes, with respect to a Depository, each participant listed in such Depository’s book-entry system as having an interest in the 2021 Short-Term Notes.

Rebate Instructions

“Rebate Instructions” means those calculations and directions required to be delivered to the Trustee by the Commission pursuant to the 2021 Short-Term Notes Tax Certificate.

Second Supplement

“Second Supplement” means this Second Supplement to the Subordinate Indenture, between the Commission and the Trustee, as amended and supplemented from time to time.

2018 Escrow Agent

“2018 Escrow Agent” means U.S. Bank National Association, as escrow agent under the 2018 Escrow Agreement.

2018 Escrow Agreement

“2018 Escrow Agreement” means the Escrow Agreement (2018), dated as of March 1, 2021, between the Commission and the 2018 Escrow Agent, providing for the refunding of the 2018 Short-Term Notes.

2018 Escrow Fund

“2018 Escrow Fund” means the Escrow Fund established under the 2018 Escrow Agreement.

2021 Short-Term Notes

“2021 Short-Term Notes” means the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A, authorized by Article XXVII of this Indenture.

2021 Short-Term Notes Costs of Issuance Fund

“2021 Short-Term Notes Costs of Issuance Fund” means the fund by that name established pursuant to Section 28.01(b).

2021 Short-Term Notes Interest Fund

“2021 Short-Term Notes Interest Fund” means the fund by that name established pursuant to Section 29.02(i).

2021 Short-Term Notes Principal Fund

“2021 Short-Term Notes Principal Fund” means the fund by that name established pursuant to Section 29.02(ii).

2021 Short-Term Notes Rebate Fund

“2021 Short-Term Notes Rebate Fund” means the fund by that name established pursuant to Section 30.08(A).

2021 Short-Term Notes Rebate Requirement

“2021 Short-Term Notes Rebate Requirement” means the Rebate Requirement defined in the 2021 Short-Term Notes Tax Certificate.

2021 Short-Term Notes Tax Certificate

“2021 Short-Term Notes Tax Certificate” means the Tax Certificate delivered by the Commission in connection with the 2021 Short-Term Notes Tax Certificate, as the same may be amended or supplemented in accordance with its terms.

SECTION 25.03 **Parity Debt Amendments.** Pursuant to Section 9.01(b)(4) of the Indenture, for all purposes of the Indenture and of any Supplemental Indenture, including this Second Supplement, and of any certificate, opinion or other document therein mentioned, the following definitions are hereby amended to read as follows for all purposes of this Indenture (with deletions bracketed and struck through and additions bolded and underlined):

Event of Default

“Event of Default” means any of the events specified in Section 7.01, **Section 22.01** and Section ~~22.04~~**31.01, and any event designated as an “Event of Default” in the proceedings relating to Parity Debt.**

TIFIA Loan Agreement

“TIFIA Loan Agreement” means the loan agreement by and between the Commission and the United State Department of Transportation, effective as of ~~June 27, 2017~~ **January , 2021** providing credit for the Project.

ARTICLE XXVI

FINDINGS, DETERMINATIONS AND DIRECTIONS

SECTION 26.01 **Findings and Determinations.** The Commission hereby finds and determines that the 2021 Short-Term Notes shall be issued as Parity Debt under the Indenture pursuant to Section 3.03 thereof and upon the issuance of the 2021 Short-Term Notes,

any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

The Commission hereby further finds and determines that the principal of the 2021 Short-Term Notes shall be treated as Excluded Principal Payments for purposes of the Indenture and the Bond Indenture.

SECTION 26.02 **Recital in Notes.** There shall be included in each of the definitive 2021 Short-Term Notes, and also in each of the temporary 2021 Short-Term Notes, if any are issued, a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that 2021 Short-Term Note, and in the issuing of that 2021 Short-Term Note, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Law, and that said 2021 Short-Term Note, together with all other indebtedness of the Commission payable out of Revenues, is within every debt and other limit prescribed by the Constitution and statutes of the State and the Law, and that such certification and recital shall be in such form as is set forth in the form of the 2021 Short-Term Note attached hereto as Exhibit A.

SECTION 26.03 **Effect of Findings and Recital.** From and after the issuance of the 2021 Short-Term Notes, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2021 Short-Term Notes is at issue.

ARTICLE XXVII

AUTHORIZATION OF 2021 SHORT-TERM NOTES

SECTION 27.01 **Principal Amount, Designation and Series.** Pursuant to the provisions of the Indenture and the provisions of the Law, the 2021 Short-Term Notes are hereby authorized in the aggregate principal amount of \$537,480,000, issued as Parity Debt entitled to the benefit, protection and security of such provisions. Such 2021 Short-Term Notes shall be designated as, and shall be distinguished from the Notes and Parity Debt of all other series by the title, "San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A."

SECTION 27.02 **Purpose and Application of Proceeds and Other Amounts.**

(a) The 2021 Short-Term Notes are issued for the purpose of providing funds to (i) refund the outstanding 2018 Short-Term Notes, and (ii) pay for Costs of Issuance.

(b) The net proceeds from the sale of the 2021 Short-Term Notes in the amount of \$[] shall be received by the Trustee, and the Trustee shall deposit such funds as follows:

(i) \$[] of the proceeds of the 2021 Short-Term Notes shall be transferred to the 2018 Escrow Agent for deposit into the 2018 Escrow Fund;

(ii) \$[] of such proceeds shall be deposited in the 2021 Short-Term Notes Costs of Issuance Fund; and

(iii) \$[] of such proceeds shall be deposited in the 2021 Short-Term Notes Interest Fund.

(c) Amounts on deposit in the 2018 Short-Term Notes Interest Fund in the amount of \$[] shall be transferred by the Trustee to the 2018 Escrow Agent for use and disposition under the 2018 Escrow Agreement.

SECTION 27.03 **Form, Denomination, Numbers and Letters; Book**

Entry. The 2021 Short-Term Notes shall be issued as fully registered notes without coupons in book-entry form and in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” prefixed to the number. The 2021 Short-Term Notes and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of the 2021 Short-Term Notes and as the form of the certificate of authentication as such form shall be completed based on the terms of the 2021 Short-Term Notes set forth herein. The 2021 Short-Term Notes shall be executed in the name and on behalf of the Commission by the facsimile or manual signature of the Chairperson of the Commission and attested by the facsimile or manual signature of the Director of Finance of the Commission. The 2021 Short-Term Notes shall then be delivered to the Trustee for authentication by the Trustee. In case any of the officers who shall have signed or attested any of the 2021 Short-Term Notes shall cease to be such officer or officers of the Commission before the 2021 Short-Term Notes so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Commission, such 2021 Short-Term Notes may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Commission as though those who signed and attested the same had continued to be such officers of the Commission, and also any 2021 Short-Term Note may be signed and attested on behalf of the Commission by such persons as at the actual date of execution of such 2021 Short-Term Note shall be the proper officers of the Commission although at the nominal date of such 2021 Short-Term Note any such person shall not have been such officer of the Commission. Only such of the 2021 Short-Term Notes as shall bear thereon a certificate of authentication substantially in the form required in Exhibit A attached hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of authentication when manually executed by the Trustee shall be conclusive evidence that the 2021 Short-Term Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

The 2021 Short-Term Notes shall be initially registered in the name of “Cede & Co.,” as nominee of the Depository and shall be evidenced by one note certificate [for each maturity of 2021 Short-Term Notes]. Registered ownership of the 2021 Short-Term Notes, or any portion thereof, may not thereafter be transferred except as set forth in Section 27.11, or in the event the

use of the Depository is discontinued, in accordance with the provisions set forth in Section 27.06.

SECTION 27.04 **Date, Maturity and Interest Rate.** The 2021 Short-Term Notes shall be dated their Issue Date. The 2021 Short-Term Notes shall be issued in the aggregate principal amount of \$537,480,000 and shall mature and be payable on the Maturity Date. The 2021 Short-Term Notes in the respective principal amounts set forth below shall bear interest at the following rates per annum:

<u>Maturity Date</u> <u>(April 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
20__	\$	%	797400__

Interest on each 2021 Short-Term Note shall be payable on each Interest Payment Date for such 2021 Short-Term Note until the principal sum of such 2021 Short-Term Note has been paid; provided, however, that if at the Maturity Date any 2021 Short-Term Note funds are available for the payment or redemption thereof, in full accordance with terms of the Indenture, such 2021 Short-Term Note shall then cease to bear interest.

Each 2021 Short-Term Note shall bear interest from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such 2021 Short-Term Note is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication.

Each 2021 Short-Term Note shall be payable as provided in Section 27.11 or, in the event the use of the Depository is discontinued, the principal of each 2021 Short-Term Note shall be payable in lawful money of the United States of America upon surrender thereof at the Corporate Trust Office of the Trustee, and the interest on each 2021 Short-Term Note shall be payable in lawful money of the United States of America by the Trustee to the Holder thereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Holder in immediately available funds (by wire transfer or by deposit to the account of the Holder if such account is maintained with the Trustee), according to the instructions given by such Holder to the Trustee or, in the event no such instructions have been given, by check mailed on the Interest Payment Date by first class mail to the Holder at such Holder's address as it appears as of the Record Date on the bond registration books kept by the Trustee.

Each 2021 Short-Term Note shall bear interest as provided herein from and including the Issue Date to but excluding the date of payment in full of such 2021 Short-Term Note, such interest to be computed on the basis of a 360-day year of twelve (12) 30-day months. Interest shall accrue on the 2021 Short-Term Notes from one Interest Payment Date to, but not including, the next Interest Payment Date.

SECTION 27.05 **[Reserved].**

SECTION 27.06 **Transfer of 2021 Short-Term Notes.** Any 2021 Short-Term Note may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 27.08, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2021 Short-Term Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee.

Whenever any 2021 Short-Term Note or 2021 Short-Term Notes shall be surrendered for transfer, the Commission shall execute and the Trustee shall authenticate and deliver a new 2021 Short-Term Note or 2021 Short-Term Notes, of the same tenor and interest rate and a like aggregate principal amount; provided that, no registration of transfer may occur during the period established by the Trustee for selection of 2021 Short-Term Notes for redemption, or of any 2021 Short-Term Note or portion of a 2021 Short-Term Note so selected for redemption. The Trustee shall require the Holder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. 2021 Short-Term Notes

SECTION 27.07 **Exchange of 2021 Short-Term Notes.** 2021 Short-Term Notes may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of 2021 Short-Term Notes of other authorized denominations of the same tenor and interest rate; provided that, unless otherwise provided in any Supplemental Indenture, no exchange may occur during the period established by the Trustee for selection of 2021 Short-Term Notes for redemption, or of any 2021 Short-Term Note or portion of a 2021 Short-Term Note so selected for redemption. The Trustee shall require the Noteholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

SECTION 27.08 **2021 Short-Term Notes Register.** The Trustee will keep or cause to be kept, at its Corporate Trust Office sufficient books for the registration and transfer of 2021 Short-Term Notes, which shall at all times be open to inspection during normal business hours by the Commission upon reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, 2021 Short-Term Notes as hereinbefore provided.

SECTION 27.09 **Temporary 2021 Short-Term Notes.** The 2021 Short-Term Notes may be issued in temporary form exchangeable for definitive 2021 Short-Term Notes when ready for delivery. Any temporary 2021 Short-Term Notes may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Commission, shall be in registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary 2021 Short-Term Note may be in the form of a single 2021 Short-Term Note payable in installments, each on the date, in the amount and at the rate of interest established for the 2021 Short-Term Notes. Every temporary 2021 Short-Term Note shall be executed by the Commission and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive 2021 Short-Term Notes. If the Commission issues temporary 2021 Short-Term Notes, the Commission will execute and deliver definitive 2021 Short-Term Notes as promptly thereafter as practicable, and thereupon the

temporary 2021 Short-Term Notes may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary 2021 Short-Term Notes an equal aggregate principal amount of definitive 2021 Short-Term Notes of authorized denominations of the same tenor. Until so exchanged, the temporary 2021 Short-Term Notes shall be entitled to the same benefits under this Indenture as definitive 2021 Short-Term Notes authenticated and delivered hereunder.

SECTION 27.10 2021 Short-Term Notes Mutilated; Lost; Destroyed or Stolen. If any 2021 Short-Term Note shall become mutilated, the Commission, at the expense of the Holder of said 2021 Short-Term Note, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2021 Short-Term Note of like tenor and interest rate in exchange and substitution for the 2021 Short-Term Note so mutilated, but only upon surrender to the Trustee of the 2021 Short-Term Note so mutilated. Every mutilated 2021 Short-Term Note so surrendered to the Trustee shall be canceled by the Trustee and delivered to, or upon the Order of, the Commission. If any 2021 Short-Term Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Commission and to the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to both shall be given, the Commission, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2021 Short-Term Note of like tenor and interest rate in lieu of and in substitution for the 2021 Short-Term Note so lost, destroyed or stolen (or if any such 2021 Short-Term Note shall have matured or shall have been called for redemption, instead of issuing a substitute 2021 Short-Term Note, the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity). The Commission may require payment of a sum not exceeding the actual cost of preparing each new 2021 Short-Term Note issued under this Section and of the expenses which may be incurred by the Commission and the Trustee in the premises. Any 2021 Short-Term Note issued under the provisions of this Section in lieu of any 2021 Short-Term Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Commission whether or not the 2021 Short-Term Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Notes and Parity Debt secured by this Indenture. Neither the Commission nor the Trustee shall be required to treat both the original 2021 Short-Term Note and any replacement 2021 Short-Term Note as being Outstanding for the purpose of determining the principal amount of 2021 Short-Term Notes which may be issued hereunder or for the purpose of determining any percentage of 2021 Short-Term Notes Outstanding hereunder, but both the original and replacement 2021 Short-Term Note shall be treated as one and the same.

SECTION 27.11 Use of Depository. Notwithstanding any provision of this Indenture to the contrary:

(a) The 2021 Short-Term Notes shall be delivered and registered as provided in Section 27.03. Registered ownership of the 2021 Short-Term Notes, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of the Depository or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) (each, a “substitute

depository”); provided that any successor of the Depository or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any substitute depository designated by the Commission upon (a) the resignation of the Depository or its successor (or any substitute depository or its successor) from its functions as depository or (b) a determination by the Commission that the Depository or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any Person as provided below, upon (a) the resignation of the Depository or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository can be obtained or (b) a determination by the Commission that it is in the best interests of the Commission to remove the Depository or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) above, upon receipt of the 2021 Short-Term Notes by the Trustee, together with a Statement of the Commission to the Trustee, a single new 2021 Short-Term Note for each 2021 Short-Term Note then Outstanding shall be executed and delivered in the aggregate principal amount of the 2021 Short-Term Notes then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Statement of the Commission. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding 2021 Short-Term Notes by the Trustee together with the Statement of the Commission to the Trustee, new 2021 Short-Term Notes shall be authorized and prepared by the Commission and authenticated and delivered by the Trustee in such authorized denominations and registered in the names of such Persons as are requested in such a Statement of the Commission, numbered in such manner as the Trustee shall determine, subject to the limitations of Section 27.03.

(c) In the case of partial redemption or an advance refunding of any 2021 Short-Term Notes evidencing all or a portion of such amount Outstanding, the Depository shall make an appropriate notation on such 2021 Short-Term Notes indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(d) The Commission and the Trustee shall be entitled to treat the Person in whose name any 2021 Short-Term Note is registered as the Holder thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Commission; and the Commission and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying or otherwise dealing with any Beneficial Owners of the 2021 Short-Term Notes. Neither the Commission nor the Trustee will have any responsibility or obligations, legal or

otherwise, to the Beneficial Owners or to any other party including the Depository or its successor (or substitute depository or its successor), except for the Holder of any 2021 Short-Term Note.

So long as the Outstanding 2021 Short-Term Notes are registered in the name of Cede & Co. or its registered assign, the Commission and the Trustee shall cooperate with Cede & Co., as sole registered Holder, and its registered assigns in effecting payment of the principal of, redemption premium, if any, purchase price and interest on the 2021 Short-Term Notes by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

ARTICLE XXVIII

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

SECTION 28.01 **Funds and Accounts.** To ensure the proper application of such portion of proceeds from the sale of the 2021 Short-Term Notes to be applied to pay the Costs of Issuance of the 2021 Short-Term Notes, there is hereby established the 2021 Short-Term Notes Costs of Issuance Fund, such fund to be held by the Trustee.

SECTION 28.02 **[Reserved].**

SECTION 28.03 **2021 Short-Term Notes Costs of Issuance Fund.** The monies set aside and placed in the 2021 Short-Term Notes Costs of Issuance Fund shall be expended for the purpose of paying the Costs of Issuance of the 2021 Short-Term Notes. Before any payment from the 2021 Short-Term Notes Costs of Issuance Fund shall be made by the Trustee, the Commission shall file or cause to be filed with the Trustee a Requisition of the Commission, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; and (v) that obligations in the stated amounts have been incurred by the Commission and are presently due and payable and that each item thereof is a proper charge against the 2021 Short-Term Notes Costs of Issuance Fund and has not been previously paid from said fund. Each such Requisition of the Commission shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On _____, 2021 any remaining amounts in the 2021 Short-Term Notes Costs of Issuance Fund shall be transferred to the Commission and the 2021 Short-Term Notes Costs of Issuance Fund shall be closed.

ARTICLE XXIX

REVENUES

SECTION 29.01 **Pledge of Revenues; Revenue Fund.** In accordance with Section 5.01 of the Indenture, the 2021 Short-Term Notes are limited obligations of the Commission and are payable as to both principal and interest exclusively from the Revenues and

other funds pledged under the Indenture. The Commission hereby ratifies and confirms the pledge of the Indenture of all Revenues to secure the payment of the principal of and interest on the Notes and any Parity Debt, including the 2021 Short-Term Notes, in accordance with their terms, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. The Commission hereby further pledges to secure the payment of the principal of and interest on the 2021 Short-Term Notes, all amounts (including proceeds of the 2021 Short-Term Notes) held by the Trustee hereunder (except for amounts held in the 2021 Short-Term Notes Rebate Fund), subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein. Said pledge constitutes a first lien on the Revenues and amounts in such funds and shall be immediately valid and binding without any physical delivery thereof or further act.

In accordance with Section 5.01 of the Indenture, the Commission hereby further ratifies and confirms the pledge of Revenues to the payment of Notes and Parity Debt, including, without limitation, the 2021 Short-Term Notes and all amounts owed to each Bank pursuant to a Support Agreement, without priority or distinction of one over the other, and the Revenues constitute a trust fund for the security and payment of the Notes and Parity Debt, including, without limitation, the 2021 Short-Term Notes and all amounts owed to each Bank pursuant to a Support Agreement; but nevertheless out of Revenues certain amounts may be applied for other purposes as provided in this Indenture.

Out of Revenues there shall be applied as set forth in the Indenture all sums required for the payment of the principal of and interest on the Notes and all Parity Debt, including without limitation the 2021 Short-Term Notes, together with any sinking fund payments of Parity Debt and reserve fund requirements with respect thereto. The pledge of Revenues in this Indenture made shall be irrevocable until all of the Notes and all Parity Debt, including the 2021 Short-Term Notes, are no longer outstanding.

SECTION 29.02 Allocation of Sales Tax Revenues.

(a) In accordance with Section 5.02 of the Indenture, so long as any 2021 Short-Term Notes are Outstanding and all other amounts payable hereunder remain unpaid, the Trustee shall set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following respective funds (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Holders of the 2021 Short-Term Notes) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to any outstanding Notes and Parity Debt as provided in the Indenture and the proceedings for such Parity Debt delivered to the Trustee pursuant to Section 3.04 of the Indenture (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the 2021 Short-Term Notes and such Notes and Parity Debt):

(i) 2021 Short-Term Notes Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the 2021 Short-Term Notes Interest Fund as soon as practicable in such month an amount equal to one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the 2021 Short-Term Notes during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the 2021 Short-Term Notes Interest Fund from any other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such 2021 Short-Term Notes is on deposit in such fund; provided that from the date of delivery of the 2021 Short-Term Notes until the first Interest Payment Date with respect to such 2021 Short-Term Notes the amounts set aside in such fund with respect to such 2021 Short-Term Notes shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date. No deposit need be made into the 2021 Short-Term Notes Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Date falling within the next six (6) months upon the 2021 Short-Term Notes then Outstanding and on April 1 of each year any excess amounts in the 2021 Short-Term Notes Interest Fund not needed to pay interest on such date shall be transferred to the Commission.

(ii) 2021 Short-Term Notes Principal Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the 2021 Short-Term Notes Principal Fund as soon as practicable in such month an amount equal to at least one-twelfth of the aggregate yearly amount of principal payments becoming due and payable on the 2021 Short-Term Notes having annual maturity dates within the next twelve (12) months; provided that if the Commission certifies to the Trustee that any principal payments are expected to be refunded, or constitute Excluded Principal Payments to be paid from sources of funds other than Revenues, on or prior to their respective due dates, no amounts need be set aside towards such principal to be so refunded or paid.

No deposit need be made into the 2021 Short-Term Notes Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the principal payments of the 2021 Short-Term Notes issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months; provided that if the Commission certifies to the Trustee that any principal payments are expected to be refunded, or constitute Excluded Principal Payments to be paid from sources of funds other than Revenues, on or prior to their respective due dates, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than April 1 of each year, the Trustee shall request from the Commission a Certificate of the Commission setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. On April 1 of each year or as soon as practicable thereafter any excess amounts in the 2021 Short-Term Notes Principal Fund not needed to pay principal on such date shall be transferred to the Commission.

(b) If five (5) days prior to any Interest Payment Date the amounts on deposit in the 2021 Short-Term Notes Interest Fund with respect to the payments to be made on such upcoming date from Revenues are insufficient to make such payments, the Trustee

shall immediately notify the Commission, in writing, of such deficiency and direct that the Commission transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Commission hereby covenants and agrees to transfer to the Trustee from any Revenues in its possession the amount of such deficiency on or prior to the Interest Payment Date referenced in such notice.

(c) If forty-five (45) days prior to any principal payment date the amounts on deposit in the 2021 Short-Term Notes Principal Fund with respect to the payments to be made on such upcoming date from Revenues are insufficient to make such payments, the Trustee shall immediately notify the Commission, in writing, of such deficiency and direct that the Commission transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Commission hereby covenants and agrees to transfer to the Trustee from any Revenues in its possession the amount of such deficiency on or prior to the principal payment date referenced in such notice.

ARTICLE XXX

COVENANTS OF THE COMMISSION

SECTION 30.01 **Punctual Payment.** The Commission will punctually pay or cause to be paid the principal of and interest on all the 2021 Short-Term Notes, in strict conformity with the terms of the 2021 Short-Term Notes and of this Indenture, according to the true intent and meaning thereof, but in each case only out of Revenues as provided in this Indenture.

SECTION 30.02 **Extension of Payment of 2021 Short-Term Notes.** The Commission will not directly or indirectly extend or assent to the extension of the maturity of any of the 2021 Short-Term Notes or the time of payment of any 2021 Short-Term Notes or claims for interest by the purchase or funding of such 2021 Short-Term Notes or claims for interest or by any other arrangement and in case the maturity of any of the 2021 Short-Term Notes or the time of payment of any such claims for interest shall be extended, such 2021 Short-Term Notes or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the 2021 Short-Term Notes then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Commission to issue debt for the purpose of refunding any Outstanding 2021 Short-Term Notes, and such issuance shall not be deemed to constitute an extension of maturity of 2021 Short-Term Notes.

SECTION 30.03 **Waiver of Laws.** The Commission will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the 2021 Short-Term Notes, and all benefit or advantage of any such law or laws is hereby expressly waived by the Commission to the extent permitted by law.

SECTION 30.04 **Further Assurances.** The Commission will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the 2021 Short-Term Notes of the rights and benefits provided in this Indenture.

SECTION 30.05 **Against Encumbrances.** The Commission will not create any pledge, lien or charge upon any of the Revenues having priority over or having parity with the lien of the 2021 Short-Term Notes except only as permitted in Section 3.06.

SECTION 30.06 **Accounting Records and Financial Statements.** A copy of the financial statements prepared in accordance with Section 6.06 of the Indenture will be furnished to any owner of 2021 Short-Term Notes upon written request to the Commission.

SECTION 30.07 **[Reserved].**

SECTION 30.08 **2021 Short-Term Notes Rebate Fund.**

(A) Upon receipt of funds to be applied to the 2021 Short-Term Notes Rebate Requirement, the Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the 2021 Short-Term Notes Rebate Fund. Within the 2021 Short-Term Notes Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of the 2021 Short-Term Notes Tax Certificate as directed in writing by the Commission. Subject to the transfer provisions provided in paragraph (C) below, all money at any time deposited in the 2021 Short-Term Notes Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the 2021 Short-Term Notes Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor any Holder nor any other Person shall have any rights in or claim to such money. All amounts deposited into or on deposit in the 2021 Short-Term Notes Rebate Fund shall be governed by this Second Supplement and by the 2021 Short-Term Notes Tax Certificate. The Commission hereby covenants to comply with the directions contained in the 2021 Short-Term Notes Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the Commission delivered to the Trustee pursuant to the 2021 Short-Term Notes Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the 2021 Short-Term Notes Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 30.08(A) if it follows such instructions of the Commission, and the Trustee shall have no liability or responsibility to enforce compliance by the Commission with the terms of the 2021 Short-Term Notes Tax Certificate nor to make computations in connection therewith.

(B) Pursuant to the 2021 Short-Term Notes Tax Certificate, an amount shall be deposited in the 2021 Short-Term Notes Rebate Fund by the Commission so that the balance of the amount on deposit thereto shall be equal to the 2021 Short-Term Notes Rebate Requirement. Computations of the 2021 Short-Term Notes Rebate Requirement shall be furnished by or on

behalf of the Commission to the Trustee in accordance with the 2021 Short-Term Notes Tax Certificate.

(C) The Trustee shall invest all amounts held in the 2021 Short-Term Notes Rebate Fund, pursuant to written instructions of the Commission, in Investment Securities, subject to the restrictions set forth in the 2021 Short-Term Notes Tax Certificate. Money shall not be transferred from the 2021 Short-Term Notes Rebate Fund except as provided in paragraph (D) below.

(D) Upon receipt of Rebate Instructions, the Trustee shall remit part or all of the balances in the 2021 Short-Term Notes Rebate Fund to the United States of America, as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the 2021 Short-Term Notes Rebate Fund from or into such accounts or funds as directed by the Rebate Instructions. Any funds remaining in the 2021 Short-Term Notes Rebate Fund after redemption and payment of all of the 2021 Short-Term Notes and payment and satisfaction of any 2021 Short-Term Notes Rebate Requirement applicable to such 2021 Short-Term Notes, shall be withdrawn and remitted to the Commission in accordance with a Request of the Commission.

(E) Notwithstanding any other provision of this Second Supplement, including in particular Article XXXII hereof, the obligation to remit the 2021 Short-Term Notes Rebate Requirement applicable to the 2021 Short-Term Notes to the federal government of the United States of America and to comply with all other requirements of this Section and the 2021 Short-Term Notes Tax Certificate shall survive the defeasance or payment in full of the 2021 Short-Term Notes.

SECTION 30.09 Tax Covenants. The Commission covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the 2021 Short-Term Notes under Section 103 of the Code. The Commission will not directly or indirectly use or permit the use of any proceeds of the 2021 Short-Term Notes or any other funds of the Commission, or take or omit to take any action that would cause the 2021 Short-Term Notes to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. To that end, the Commission will comply with all requirements of the 2021 Short-Term Notes Tax. In the event that at any time the Commission is of the opinion that for purposes of this Section 30.09 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Second Supplement, the Commission shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the Commission agrees that there shall be paid from time to time all amounts required to be rebated to the federal government of the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the 2021 Short-Term Notes from time to time. The Commission specifically covenants to pay or cause to be paid to the federal government of the United States of America the 2021 Short-Term Notes Rebate Requirement

with respect to the 2021 Short-Term Notes at the times and in the amounts determined under and as described in the 2021 Short-Term Notes Tax Certificate.

Notwithstanding any provision of this Section 30.09, Section 30.08 and the 2021 Short-Term Notes Tax Certificate, if the Commission shall receive an Opinion of Bond Counsel to the effect that any action required under this Section 30.09, Section 30.08 or the 2021 Short-Term Notes Tax Certificate is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the 2021 Short-Term Notes pursuant to Section 103 of the Code, the Commission and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

Notwithstanding any provisions of this Second Supplement, including particularly Article XXXII, the covenants and obligations set forth in this Section 30.09 shall survive the defeasance of the 2021 Short-Term Notes.

ARTICLE XXXI

EVENTS OF DEFAULT AND REMEDIES OF NOTEHOLDERS

SECTION 31.01 **Events of Default.** The following events shall be Events of Default:

- (a) any Event of Default as defined in Section 7.01 of the Indenture;
- (b) default in the due and punctual payment of the principal of any 2021 Short-Term Note when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;
- (c) default in the due and punctual payment of any installment of interest on any 2021 Short-Term Note when and as such interest installment shall become due and payable;
- (d) if the Commission shall fail to observe or perform any covenant, condition, agreement or provision in this Second Supplement on its part to be observed or performed, other than as referred to in subsection (b) or (c) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Commission by the Trustee; except that, if such failure can be remedied but not within such sixty (60) day period and if the Commission has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Commission shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

SECTION 31.02 **[Reserved].**

SECTION 31.03 **Trustee to Represent Holders.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2021 Short-Term Notes, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the 2021 Short-Term Notes for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2021 Short-Term Notes, the Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Holders, the provisions of Section 7.04 of the Indenture shall govern, and all rights of action under this Second Supplement or the 2021 Short-Term Notes or otherwise may be prosecuted and enforced by the Trustee as provided therein.

SECTION 31.04 **Holders' Direction of Proceedings.** Holders may direct the method of conducting all remedial proceedings taken by the Trustee hereunder as provided in Section 7.06 of the Indenture.

SECTION 31.05 **Limitation on Holders' Right to Sue.** No Owner of any 2021 Short-Term Note shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Law or any other applicable law with respect to such 2021 Short-Term Note, except as provided in Section 7.07 of the Indenture.

SECTION 31.06 **Absolute Obligation of the Commission.** Nothing in this Section 31.06 or in any other provision of this Second Supplement, or in the 2021 Short-Term Notes, contained shall affect or impair the obligation of the Commission, which is absolute and unconditional, to pay the principal of and interest on the 2021 Short-Term Notes to the respective Owners of the 2021 Short-Term Notes at their respective dates of maturity, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2021 Short-Term Notes.

SECTION 31.07 **Termination of Proceedings.** As provided in Section 7.08 of the Indenture, in case any proceedings taken by the Trustee or any one or more Holders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Holders, then in every such case the Commission, the Trustee and the Holders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Commission, the Trustee and the Holders shall continue as though no such proceedings had been taken.

SECTION 31.08 **Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2021 Short-Term Notes is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 31.09 **No Waiver of Default.** No delay or omission of the Trustee or of any Owner of the 2021 Short-Term Notes to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Second Supplement to the Trustee or to the Owners of the 2021 Short-Term Notes may be exercised from time to time and as often as may be deemed expedient.

ARTICLE XXXII

DEFEASANCE

SECTION 32.01 **Discharge of Second Supplement.** The 2021 Short-Term Notes or a portion thereof may be paid by the Commission in any of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Outstanding 2021 Short-Term Notes, as and when they become due and payable;
- (b) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03 of the Indenture) to pay or redeem such Outstanding 2021 Short-Term Notes; or
- (c) by delivering to the Trustee, for cancellation by it, such Outstanding 2021 Short-Term Notes.

If the Commission shall pay all 2021 Short-Term Notes Outstanding and also pay or cause to be paid all other sums payable hereunder by the Commission, then and in that case, at the election of the Commission (evidenced by a Certificate of the Commission, filed with the Trustee, signifying the intention of the Commission to discharge all such indebtedness and this Second Supplement), and notwithstanding that any 2021 Short-Term Notes shall not have been surrendered for payment, this Second Supplement and the pledge of Sales Tax Revenues and other assets made under this Second Supplement and all covenants, agreements and other obligations of the Commission under this Second Supplement shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Commission, the Trustee shall cause an accounting for such period or periods as may be requested by the Commission to be prepared and filed with the Commission and shall execute and deliver to the Commission all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Commission all moneys or securities or other property held by it pursuant to this Second Supplement which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm, are not required for the payment or redemption of 2021 Short-Term Notes not theretofore surrendered for such payment or redemption.

SECTION 32.02 **Discharge of Liability on 2021 Short-Term Notes.** All liability of the Commission in respect of any Outstanding 2021 Short-Term Note may cease,

terminate and be completely discharged as provided in, and subject to the terms of, Section 10.02 of the Indenture.

SECTION 32.03 **Deposit of Money or Securities.** Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust money or securities in the necessary amount to pay or redeem any 2021 Short-Term Notes, the money or securities so to be shall be deposited and held pursuant to the terms of Section 10.03 of the Indenture.

SECTION 32.04 **Payment of 2021 Short-Term Notes After Discharge of Second Supplement.** Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any 2021 Short-Term Note, including any interest earnings thereon, shall be held or transferred pursuant to the terms of Section 10.04 of the Indenture.

ARTICLE XXXIII

MISCELLANEOUS

SECTION 33.01 **Best Efforts to Draw on TIFIA Loan Agreement, Issue Indenture Bonds or Obtain Other Financing.** Unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of Article XXXII of this Second Supplement, the Commission hereby agrees to use its best efforts, on or before the Maturity Date, to draw on the TIFIA Loan Agreement or to the extent sufficient funds are not available or eligible thereunder to issue Indenture Bonds (as defined in the Bond Indenture) or Notes or Parity Debt, or to otherwise obtain financing, at any interest rate not to exceed the Maximum Interest Rate (as defined in the Bond Indenture) and subject to the terms of the Bond Indenture and this Indenture, in order to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on the Maturity Date. The proceeds of such draw on the TIFIA Loan Agreement, Indenture Bonds or other financing are hereby pledged to pay the principal of the 2021 Short-Term Notes.

SECTION 33.02 **Terms of the 2021 Short-Term Notes Subject to the Indenture.** Except as in this Second Supplement expressly provided, every term and condition contained in the Indenture shall apply to this Second Supplement and to the 2021 Short-Term Notes with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Second Supplement.

This Second Supplement and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

SECTION 33.03 **Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this Second Supplement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of

this Second Supplement, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Second Supplement and the 2021 Short-Term Notes issued pursuant hereto shall remain valid, and the Holders of the 2021 Short-Term Notes shall retain all valid rights and benefits accorded to them under this Indenture, the Law, and the Constitution and statutes of the State.

SECTION 33.04 **Parties Interested Herein.** Nothing in this Second Supplement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Commission, the Trustee and the Holders of the 2021 Short-Term Notes, any right, remedy or claim under or by reason of this Second Supplement or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Second Supplement contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Commission, the Trustee and the Holders of the 2021 Short-Term Notes.

SECTION 33.05 **Headings Not Binding.** The headings in this Second Supplement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Second Supplement.

SECTION 33.06 **Notice Addresses.** Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, or given by electronic means of communication, addressed to the Notice Address for the appropriate party or parties as provided in Exhibit B hereto. Any such entity by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses.

SECTION 33.07 **Notices to Rating Agencies.** The Trustee shall provide notice to the rating agencies listed in Exhibit B hereto of the following events with respect to the 2021 Short-Term Notes:

- (1) Change in Trustee;
- (2) Amendments to the Indenture; and
- (3) Defeasance of any 2021 Short-Term Notes.

SECTION 33.08 **Indenture to Remain in Effect.** Save and except as amended and supplemented by this Second Supplement, the Indenture shall remain in full force and effect.

SECTION 33.09 **Effective Date of Second Supplement.** This Second Supplement shall take effect upon its execution and delivery.

SECTION 33.01 **Electronic Signatures.** Each of the parties hereto agrees that the transaction consisting of this Second Supplement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Second Supplement using an electronic signature, it is signing, adopting, and accepting this Second Supplement and that signing this Second Supplement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Second Supplement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Second Supplement in a usable format.

SECTION 33.02 **Execution in Counterparts.** This Second Supplement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

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

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

Chair of the Board of Directors

(Seal)

ATTEST:

Secretary

Approved as to Form:

By: _____
General Counsel

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

[FORM OF 2021 SHORT-TERM NOTE]

No. R-_____ \$ _____

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE SHORT-TERM NOTE
(LIMITED TAX BOND)
2021 SERIES A**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ISSUE DATE</u>	<u>CUSIP</u>
_____%	_____, 20[____]	March [____], 2021	797400____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly organized and existing under the laws of the State of California (the “Commission”), for value received, hereby promises to pay (but solely from Revenues as hereinafter referred to) in lawful money of the United States of America, to the registered Owner or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the Interest Rate set forth above payable on each April 1 and October 1, commencing October 1, 2021 (each, an “Interest Payment Date”). The principal of and premium, if any, on this Short-Term Note are payable to the registered Owner hereof upon presentation and surrender of this Short-Term Note at the Corporate Trust Office, in St. Paul, Minnesota or at such other Corporate Trust Office hereinafter designated for the presentation place of Short-Term Notes for payment, of U.S. Bank National Association, as trustee (together with any successor as trustee under the hereinafter defined Indenture, the “Trustee”). Interest on this Short-Term Note shall be paid by check drawn upon the Trustee and mailed on the applicable Interest Payment Date to the registered Owner hereof as of the close of business on the Record Date at such registered Owner’s address as it appears on the Short-Term Note register. As used herein, “Record Date” means the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

This Note is one of a duly authorized issue of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds) (the “Short-Term Notes”) of the series and designation indicated above. Said authorized issue of Short-Term Notes is not limited in aggregate principal amount, except as otherwise provided in the Indenture (as hereinafter defined), and consists or may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture provided, all issued or to be issued pursuant to the provisions of the San Diego County Regional Transportation Commission Act constituting Chapter 2 of Division 12.7 of the California Public Utilities Code (the “Act”), and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said Act and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (collectively, and together with the Act, the

“Law”), and the Subordinate Indenture (Amending and Restating the Subordinate Indenture, dated as of August 1, 1991, as previously amended and restated by the Amended and Restated Subordinate Indenture, dated as of November 1, 2005, as further supplemented and amended), dated as of April 1, 2008, as amended and supplemented, including by a Second Supplement thereto, dated as of March 1, 2021 (the “Indenture”), between the Commission and the Trustee, authorizing the issuance of the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (the “2021 Short-Term Notes”). In addition, the Indenture also provides that the Commission may issue commercial paper notes and incur other indebtedness having an equal lien and charge upon the Revenues and therefore payable on a parity with the Short-Term Notes (“Parity Debt”) under the terms and conditions set forth in the Indenture. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Indenture.

THIS SHORT-TERM NOTE IS A LIMITED TAX BOND OBLIGATION OF THE COMMISSION PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE AND THE COMMISSION IS NOT OBLIGATED TO PAY THIS SHORT-TERM NOTE EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THIS SHORT-TERM NOTE DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE COMMISSION, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED HEREIN) OF THE COMMISSION IS NOT PLEDGED, FOR THE PAYMENT OF THE SHORT-TERM NOTES, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE SHORT-TERM NOTES. THE SHORT-TERM NOTES ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Reference is hereby made to the Indenture and to the Law for a description of the terms on which the Short-Term Notes (including the 2021 Short-Term Notes) and Parity Debt are issued and to be issued, the provisions with regard to the nature and extent of the pledge of certain proceeds derived by the Commission from the retail transactions and use tax levied pursuant to the Law (as more particularly defined in the Indenture, the “Revenues”) and the rights of the registered owners of Parity Debt and the Short-Term Notes (including the 2021 Short-Term Notes); and all the terms of the Indenture and the Law are hereby incorporated herein and constitute a contract between the Commission and the registered owners from time to time of this Short-Term Note, and to all the provisions thereof the registered owner of this Short-Term Note, by such owners’ acceptance hereof, consents and agrees. Additional Short-Term Notes and Parity Debt may be issued, and indebtedness may be incurred, on a parity with the 2021 Short-Term Notes but only subject to the conditions and limitations contained in the Indenture.

The Short-Term Notes (including the 2021 Short-Term Notes) and the interest thereon (to the extent set forth in the Indenture), together with any Parity Debt heretofore or hereafter issued

by the Commission, and the interest thereon, are payable from, and are secured by a charge and lien on the Revenues. All of the Short-Term Notes (including the 2021 Short-Term Notes) and Parity Debt are equally secured by a pledge of, and charge and lien upon, all of the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of the Short-Term Notes (including the 2021 Short-Term Notes); but nevertheless out of Revenues certain amounts may be applied for other purposes as provided in the Indenture.

The 2021 Short-Term Notes shall not be subject to redemption prior to their stated maturity.

This Short-Term Note is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Short-Term Note. Upon such transfer a new fully registered Short-Term Note or Short-Term Notes without coupons, of authorized denomination or denominations, of the same Series, tenor and interest rate for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Commission, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Commission, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the Commission and of the holders and registered owners of the Short-Term Notes (including the 2021 Short-Term Notes) may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of Short-Term Notes (including the 2021 Short-Term Notes).

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Short-Term Note, and in the issuing of this Short-Term Note, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Short-Term Note, together with all other indebtedness of the Commission payable out of Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State and the Law.

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

IN WITNESS WHEREOF, SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION has caused this Short-Term Note to be executed in its name and on its behalf by the manual or facsimile signature of its duly authorized representatives all as of the Issue Date set forth above.

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Chair of the Board of Directors

Attest:

Director of Finance

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the 2021 Short-Term Notes described in the within-mentioned Indenture and registered on the date set forth below.

Dated: _____.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

[DTC LEGEND]

Unless this Note is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
TAX IDENTIFICATION NUMBER OF ASSIGNEE

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoint

to transfer the within Note on the books kept for registration thereof with full power of
substitution in the premises.

Dated:

Signature:

(Signature of Assignor)

Notice: The signature on this assignment must correspond with the name of the registered Owner as it appears upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

EXHIBIT B

NOTICE ADDRESSES

To the Commission:

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, CA 92101
Attention: Director of Finance
Telephone: (619) 699-6931
Fax: (619) 699-4890

To the Trustee:

U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Telephone: (213) 615-6023

To the Rating Agencies:

[S&P Global Ratings
55 Water Street, 38th Floor
New York, New York 10041
Telephone No.: 212-438-2000
Facsimile No.: 212-438-2157
pubfin_structured@standardandpoors.com]

Fitch Ratings
One State Street Plaza
New York, New York 10004]

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY ___, 2021

NEW ISSUE – BOOK ENTRY ONLY**RATINGS:**

S&P: “ ”

Fitch: “ ”

(See “RATINGS” herein)

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the 2021 Short-Term Notes and requirements of the Internal Revenue Code of 1986, as described herein, interest on the 2021 Short-Term Notes is not included in the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, interest on the 2021 Short-Term Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, interest on the 2021 Short-Term Notes is exempt from personal income taxes of the State of California. See “TAX MATTERS.”

\$537,480,000*

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE
SHORT-TERM NOTES (LIMITED TAX BONDS), 2021 SERIES A**

Principal Amount**Interest Rate****Yield****CUSIP No.****Dated: Date of Delivery****Due on October 1, 2022**

The San Diego County Regional Transportation Commission (the “Commission”) will issue its \$537,480,000* Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (the “2021 Short-Term Notes”) pursuant to the Subordinate Indenture, dated as of April 1, 2018, as supplemented and amended, including by the Second Supplement to the Subordinate Indenture, dated as of March 1, 2021 (collectively, the “Subordinate Indenture”), between the Commission and U.S. Bank National Association, as trustee (the “Trustee”).

The 2021 Short-Term Notes are limited obligations of the Commission secured by a subordinate pledge of sales tax revenues (herein called the “Sales Tax Revenues”) derived from a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”) imposed in the County of San Diego (the “County”) for transportation and related purposes. Collection of the Sales Tax commenced on April 1, 1988. The Sales Tax is scheduled to expire on March 31, 2048. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES” herein.

The Commission does not expect to collect and retain Sales Tax Revenues in an amount sufficient to pay the principal of the 2021 Short-Term Notes at maturity. The Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of a draw on the TIFIA Loan Agreement (as defined herein). See “JUNIOR SUBORDINATE TIFIA LOAN,” “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Best Efforts Undertaking to Draw on TIFIA Loan Agreement or Obtain Financing” and “RISK FACTORS – Availability of Funds to Pay 2021 Short-Term Notes” herein.

The Commission will apply the proceeds of the 2021 Short-Term Notes to: (i) refund and defease the Commission’s outstanding Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A (the “2018 Short-Term Notes”), and (ii) pay the costs of issuing the 2021 Short-Term Notes. See “REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The 2021 Short-Term Notes will be dated their date of delivery, and will mature on October 1, 2022. The Commission will pay interest on the 2021 Short-Term Notes on April 1 and October 1 of each year, commencing on October 1, 2021. Investors may purchase the 2021 Short-Term Notes in book-entry form only. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

The 2021 Short-Term Notes are not subject to redemption by the Commission prior to maturity.

THE 2021 SHORT-TERM NOTES DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE COUNTY, THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE COMMISSION TO THE EXTENT OF THE PLEDGE OF REVENUES DESCRIBED HEREIN, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE SUBORDINATE INDENTURE) OF THE COMMISSION IS NOT PLEDGED FOR THE PAYMENT OF THE 2021 SHORT-TERM NOTES. THE 2021 SHORT-TERM NOTES ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE SUBORDINATE INDENTURE.

* Preliminary, subject to change.
101566868.7

This cover page contains general information only. Capitalized terms used on this cover are defined herein. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2021 Short-Term Notes are offered when, as and if issued by the Commission and received by the Underwriters, subject to the approval of validity by Norton Rose Fulbright US LLP, Bond Counsel to the Commission, and certain other conditions. Certain legal matters will be passed on for the Commission by its General Counsel and by Norton Rose Fulbright US LLP, Disclosure Counsel to the Commission, and for the Underwriters by their counsel, Nixon Peabody LLP. PFM Financial Advisors LLC has served as Municipal Advisor to the Commission. It is expected that the 2021 Short-Term Notes will be available for delivery through the book-entry facilities of The Depository Trust Company on or about March __, 2021.

Citigroup

JP Morgan

Goldman Sachs

Siebert Williams Shank & Co., LLC

Academy Securities

Dated: March __, 2021

DRAFT

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2021 Short-Term Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the San Diego County Regional Transportation Commission (the “Commission”) and other sources that are believed by the Commission to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under, the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Commission or the Underwriters.

This Official Statement is not to be construed as a contract with the purchasers of the 2021 Short-Term Notes.

This Official Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Commission or other matters described herein since the date hereof. This Official Statement is submitted with respect to the sale of the 2021 Short-Term Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Commission.

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute. Certain capitalized terms used but not defined herein are defined in APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE” or APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE” or, if not defined in Appendices C-1 or C-2, in the Senior Indenture or Subordinate Indenture, respectively.

In connection with the offering of the 2021 Short-Term Notes, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of such 2021 Short-Term Notes at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the 2021 Short-Term Notes to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database. None of the Underwriters, the Municipal Advisor or the Commission is responsible for the selection or correctness of the CUSIP numbers set forth herein.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Commission in any way, regardless of the level of optimism communicated in the information. The Commission is not obligated to issue nor does it plan to issue any updates or revisions to the forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur.

[INSERT TRANSNET MAP]

DRAFT

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION BOARD MEMBERS

Chair

Hon. Catherine Blakespear

Vice Chair

Hon. Todd Gloria

Executive Director

Hasan Ikhrata

City of Carlsbad

Hon. Matt Hall, Mayor
(A) Hon. Priya Bhat-Patel, Councilmember
(A) Keith Blackburn, Mayor Pro Tem

City of Chula Vista

Hon. Mary Salas, Mayor
(A) Hon. Steve Padilla, Councilmember
(A) Hon. John McCann, Councilmember

City of Coronado

Hon. Richard Bailey, Mayor
(A) Hon. Bill Sandke, Councilmember
(A) Hon. Mike Donovan, Councilmember

City of Del Mar

Hon. Terry Gaasterland, Mayor
(A) Hon. Dave Druker, Councilmember
(A) Hon. Dan Quirk, Councilmember

City of El Cajon

Hon. Bill Wells, Mayor
(A) Hon. Steve Goble, Deputy Mayor

City of Encinitas

Hon. Catherine Blakespear, Mayor
(A) Hon. Joe Mosca, Councilmember
(A) Hon. Kellie Hinze, Councilmember

City of Escondido

Hon. Paul McNamara, Mayor
(A) Hon. Mike Morasco, Councilmember
(A) Hon. Consuelo Martinez, Councilmember

City of Imperial Beach

Hon. Serge Dedina, Mayor
(A) Hon. Ed Spriggs, Councilmember
(A) Hon. Paloma Aguirre, Councilmember

City of La Mesa

Hon. Jack Shu, Councilmember
(A) Hon. Mark Arapostathis, Mayor
(A) Hon. Akilah Weber, Councilmember

City of Lemon Grove

Hon. Racquel Vasquez, Mayor
(A) Hon. Jennifer Mendoza, Councilmember
(A) Hon. George Gastil, Councilmember

City of National City

Hon. Alejandra Sotelo-Solis, Mayor
(A) Hon. Mona Rios, Councilmember
(A) Hon. Marcus Bush, Councilmember

City of Oceanside

Hon. Christopher Rodriguez, Councilmember
(A) Hon. Ryan Keim, Councilmember
(A) Vacant

City of Poway

Hon. Steve Vaus, Mayor
(A) Hon. John Mullin, Councilmember
(A) Hon. Caylin Frank, Councilmember

City of San Diego

Hon. Todd Gloria, Mayor
(A) Hon. Vivian Moreno, Councilmember
(A) Hon. Marni Von Wilpert, Councilmember
Hon. Jennifer Campbell, Council President
(A) Hon. Raul Campillo, Councilmember
(A) Hon. Joe LaCava, Councilmember

City of San Marcos

Hon. Rebecca Jones, Mayor
(A) Hon. Sharon Jenkins, Mayor Pro Tem
(A) Hon. Ed Musgrove, Councilmember

City of Santee

Hon. John Minto, Mayor
(A) Hon. Laura Koval, Councilmember
(A) Hon. Rob McNelis, Vice Mayor

City of Solana Beach

Hon. Lesa Heebner, Mayor
(A) Hon. David A. Zito, Councilmember
(A) Hon. Jewel Edson, Councilmember

City of Vista

Hon. Judy Ritter, Mayor
(A) Hon. John Franklin, Councilmember
(A) Hon. Joe Green, Councilmember

County of San Diego

Hon. Terra Lawson-Remer, Supervisor
(A) Hon. Nora Vargas, Supervisor
Hon. Joel Anderson, Supervisor
(A) Hon. Nora Vargas, Supervisor

Advisory Members

Imperial County

Hon. Jesus Eduardo Escobar, Supervisor
(A) Mark Baza, Imperial County Transportation Commission

California Department of Transportation

Toks Omishakin, Executive Director
(A) Gustavo Dallarda, District 11 Director
(A) Ann Fox, Deputy Director

Metropolitan Transit System

Hon. Paloma Aguirre
(A) Hon. Vivian Moreno

North County Transit District

Hon. Tony Kranz
(A) Hon. Sharon Jenkins
(A) Hon. Priya Bhat-Patel

U.S. Department of Defense

Joe Stuyvesant, Navy Region Southwest Executive Director
(A) Steve Chung, Navy Region Southwest

Port of San Diego

Hon. Garry Bonelli, Commissioner
(A) Hon. Dan Malcolm, Commissioner

San Diego County Water Authority

Mel Katz, Director
(A) Consuelo Martinez
(A) Hon. Mona Rios

San Diego County Regional Airport Authority

Johanna Schiavoni
(A) Paul Robinson

Southern California Tribal

Chairmen's Association

Hon. Cody Martinez, Chairman,
Sycuan Band of the Kumeyaay Nation
Hon. Erica Pinto, Chairwoman,
Jamul Indian Village of California

Mexico

Hon. Carlos González Gutiérrez
Cónsul General of Mexico
(A) Hon. Mario Figueroa
Deputy Cónsul General of Mexico
(A) Hon. Natalia Figueroa, Vice Consul

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

MANAGEMENT

EXECUTIVE DIRECTOR

Hasan Ikhata

GENERAL COUNSEL

John F. Kirk

**CHIEF CAPITAL PROGRAMS
AND REGIONAL SERVICES
OFFICER**

Jim Linthicum

**CHIEF OPERATIONS
OFFICER**

Vacant

**CHIEF PLANNING AND
INNOVATION OFFICER**

Ray Traynor

**CHIEF ANALYTICS OFFICER
AND CHIEF ECONOMIST**

Ray Major

DIRECTOR OF FINANCE

André Douzjian

***TransNet* DEPARTMENT
DIRECTOR**

José Nuncio

BOND AND DISCLOSURE COUNSEL

Norton Rose Fulbright US LLP
Los Angeles, California

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
San Francisco, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

VERIFICATION AGENT

[to come]

TABLE OF CONTENTS

	Page
INTRODUCTION	1
General	1
Authority for Issuance.....	1
Application of 2021 Short-Term Note Proceeds.....	1
Repayment and Security for the 2021 Short-Term Notes	2
Outstanding Senior Obligations.....	3
Issuance of Additional Subordinate Obligations	3
No Debt Service Reserve for 2021 Short-Term Notes	3
The Commission and SANDAG.....	3
Mid-Coast Corridor Transit Project	4
COVID-19 Pandemic.....	4
THE 2021 SHORT-TERM NOTES	5
SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES	5
Anticipated Repayment of Principal of 2021 Short-Term Notes From TIFIA Loan Draw	5
Subordinate Pledge of Sales Tax Revenues.....	6
Limited Liability	6
Allocation of Sales Tax Revenues for 2021 Short-Term Notes.....	7
Best Efforts Undertaking to Draw on TIFIA Loan Agreement or Obtain Financing	7
Issuance of Additional Obligations.....	8
OUTSTANDING OBLIGATIONS	10
Senior Lien Debt.....	10
Interest Rate Swap Agreements	12
Liquidity Facilities.....	13
Subordinate Obligations.....	14
JUNIOR SUBORDINATE TIFIA LOAN.....	15
General.....	15
Disbursement Requirements	15
Events of Default and Remedies.....	16
REFUNDING PLAN.....	21
ESTIMATED SOURCES AND USES OF FUNDS	22
PROJECTED DEBT SERVICE SCHEDULE	23
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION	24
General.....	24
Sustainable Communities Strategy	25
The Expenditure Plan.....	25
Future Financings	27
Executive Staff.....	28

TABLE OF CONTENTS
(continued)

THE SALES TAX	29
Authorization, Application and Collection of the Sales Tax	29
Historical Sales Tax Revenues.....	30
Recent Developments Regarding Sales Tax Collection	32
Other Sales Taxes Imposed in the County.....	33
COMMISSION INVESTMENT PORTFOLIO.....	33
RISK FACTORS	34
Availability of Funds to Pay the 2021 Short-Term Notes	34
U.S. Economic Recession; Economy of the County and the State	35
COVID-19 Pandemic.....	35
Legislative Changes	37
Other Sales Taxes	37
Acceleration of Liquidity Facility Bonds.....	37
Variable Rate Bonds	38
Loss of Subsidy Payments	38
Availability of Funds to Pay the 2021 Short-Term Notes	38
Loss of Tax Exemption.....	39
Bankruptcy Considerations.....	39
Proposition 218.....	40
Further Initiatives.....	40
Governance and Management – Changes in State Law.....	40
Cybersecurity	41
ABSENCE OF MATERIAL LITIGATION.....	41
TAX MATTERS.....	41
Federal Tax Exemption.....	41
Tax Accounting Treatment of Bond Premium and Original Issue Discount.....	42
Information Reporting and Backup Withholding	43
State Tax Exemption.....	43
Future Developments	43
LEGAL MATTERS.....	44
CONTINUING DISCLOSURE.....	44
RATINGS	44
UNDERWRITING	44
Purchase of the 2021 Short-Term Notes	44
Retail Brokerage Arrangements.....	45

TABLE OF CONTENTS
(continued)

MUNICIPAL ADVISOR.....	46
FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS	46
VERIFICATION OF MATHEMATICAL COMPUTATIONS	46
MISCELLANEOUS	46
APPENDIX A – INFORMATION REGARDING THE COUNTY OF SAN DIEGO	
APPENDIX B – SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020	
APPENDIX C-1 – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE	
APPENDIX C-2 – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE	
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT	
APPENDIX E – BOOK-ENTRY ONLY SYSTEM	
APPENDIX F – PROPOSED FORM OF OPINION OF BOND COUNSEL	

OFFICIAL STATEMENT

\$537,480,000*

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION SUBORDINATE SALES TAX REVENUE SHORT-TERM NOTES (LIMITED TAX BONDS), 2021 SERIES A

INTRODUCTION

General

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the issuance and sale by the San Diego County Regional Transportation Commission (the “Commission”) of its Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (the “2021 Short-Term Notes”) in the aggregate principal amount of \$537,480,000*. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE” or APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE” or, if not defined in Appendices C-1 or C-2, in the Senior Indenture or Subordinate Indenture, respectively.

Authority for Issuance

Pursuant to the San Diego County Regional Transportation Commission Act, Chapter 2 of Division 12.7 (Sections 132000 and following) of the Public Utilities Code of the State of California, (the “Act”), the Commission is authorized to issue indebtedness payable in whole or in part from Sales Tax Revenues (defined below). The 2021 Short-Term Notes will be issued pursuant to Chapter 6 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as referenced in the Act and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and secured by a second lien pledge of Sales Tax Revenues (as defined herein) pursuant to the Subordinate Indenture, dated as of April 1, 2018, as supplemented and amended by the First Supplement to the Subordinate Indenture, dated as of April 1, 2018, and the Second Supplement to the Subordinate Indenture, dated as of March 1, 2021 (collectively, the “Subordinate Indenture”), between the Commission and U.S. Bank National Association, as trustee (the “Trustee”).

The Commission is a separate legal entity from the City of San Diego, California (the “City”) and the County of San Diego, California (the “County”). See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION.”

Application of 2021 Short-Term Note Proceeds

The Commission will apply the proceeds of the 2021 Short-Term Notes to: (i) refund and defease the Commission’s outstanding Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A (the “2018 Short-Term Notes”) and (ii) pay the costs of issuing the 2021 Short-Term Notes. See “REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

* Preliminary, subject to change.

Repayment and Security for the 2021 Short-Term Notes

The 2021 Short-Term Notes are limited obligations of the Commission secured by a subordinate pledge of sales tax revenues (herein called the “Sales Tax Revenues”) derived from a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”), imposed in accordance with the Act and the California Transactions and Use Tax Law (Revenue and Taxation Code Section 7251 and following), net of an administrative fee paid to the California Department of Tax and Fee Administration (the “CDTFA”) in connection with the collection and disbursement of the Sales Tax. The Taxpayer Transparency and Fairness Act of 2017 restructured the California State Board of Equalization (the “BOE”) into three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The CDTFA handles most of the taxes and fees previously collected by the BOE, including, as of July 1, 2017, the Sales Tax.

The Commission does not expect to collect and retain Sales Tax Revenues in an amount sufficient to pay the principal of the 2021 Short-Term Notes at maturity. The Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of a draw on the TIFIA Loan Agreement, dated as of January 14, 2021, between the Commission and the U.S. Department of Transportation, acting by and through the Build America Bureau. See “JUNIOR SUBORDINATE TIFIA LOAN” and “RISK FACTORS – Availability of Funds to Pay 2021 Short-Term Notes” herein.

The amounts borrowed under the TIFIA Loan Agreement are expected to be fully drawn in a single disbursement no later than October 1, 2022, and such amounts are expected to be applied to pay the 2021 Short-Term Notes on or prior to their maturity date. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES” and “RISK FACTORS – Availability of Funds to Pay the 2021 Short-Term Notes.”

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Bonds under the Indenture, dated as of March 1, 2008, between the Commission and U.S. Bank National Association, as trustee (the “Senior Trustee”), as supplemented (the “Senior Indenture”), or Notes or other Parity Debt under the Subordinate Indenture or to otherwise obtain financing to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Best Efforts Undertaking to Draw on TIFIA Loan Agreement or Obtain Financing.”

On November 3, 1987, a majority of County voters approved the San Diego County Transportation Improvement Program Ordinance and Expenditure Plan (as amended, the “1987 Ordinance”) which imposed the Sales Tax in the County for a 20-year period. Under the 1987 Ordinance, the Sales Tax was scheduled to expire on April 1, 2008. On November 2, 2004, more than two-thirds of County voters approved the San Diego County Transportation Improvement Program *TransNet* Ordinance and Expenditure Plan (the “Sales Tax Extension Ordinance” and, together with the 1987 Ordinance, the “Ordinance”) which provided for an extension of the Sales Tax through March 31, 2048. The 2021 Short-Term Notes are further secured by a pledge of certain amounts held by the Trustee under the Subordinate Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Subordinate Pledge of Sales Tax Revenues.”

The Sales Tax is scheduled to expire on March 31, 2048. Under the Subordinate Indenture, the Trustee is required to make monthly deposits of Sales Tax Revenues received from the Senior Trustee pursuant to the Senior Indenture in the Interest Fund and Principal Fund in advance of the next semiannual or annual payment of debt service becoming due on the 2021 Short-Term Notes, in amounts

sufficient to pay such debt service, including the final amount becoming due on October 1, 2022. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Allocation of Sales Tax Revenues for 2021 Short-Term Notes” and “THE SALES TAX – Authorization, Application and Collection of the Sales Tax.” Notwithstanding the foregoing, the Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of the Junior Subordinate TIFIA Loan or other financing as set forth above.

Outstanding Senior Obligations

The Commission has outstanding \$_____ aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds) with a lien on Sales Tax Revenues senior to the subordinate pledge securing the 2021 Short-Term Notes. The Commission is also party to Interest Rate Swap Agreements and Liquidity Facilities secured by a lien on Sales Tax Revenues senior to the pledge securing the 2021 Short-Term Notes. See “OUTSTANDING OBLIGATIONS – Senior Lien Debt,” “– Interest Rate Swap Agreements” and “– Liquidity Facilities.”

Issuance of Additional Subordinate Obligations

The Commission is authorized to issue \$100,000,000 of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) (the “Subordinate Commercial Paper Notes”) and may issue additional Subordinate Commercial Paper Notes and other Parity Debt (as defined herein) secured by Sales Tax Revenues on a parity with the 2021 Short-Term Notes and on a basis subordinate to the Commission’s Outstanding Senior Lien Debt (as defined herein). See SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Issuance of Additional Obligations.”

No Debt Service Reserve for 2021 Short-Term Notes

No debt service reserve will be funded for the 2021 Short-Term Notes.

The Commission and SANDAG

The Board of Directors of the San Diego Association of Governments (“SANDAG”) is designated under State legislation to serve as the San Diego County Regional Transportation Commission. The Commission is authorized, acting by motion, resolution or ordinance, to enter into contracts and, by a two-thirds vote to authorize the issuance of bonds payable from proceeds of the Sales Tax.

The Commission is a separate legal entity from the City of San Diego, California (the “City”) and the County of San Diego, California (the “County”). See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION.”

The Commission is responsible for the implementation and administration of transportation improvement programs funded with the Sales Tax known as “*TransNet*.” The Commission is authorized to receive sales tax revenues after deduction of required CDTPFA costs, approve programs and projects for funding, and adopt implementing ordinances, rules, policies, and take such other actions as may be necessary and appropriate to carry out its responsibilities. See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION.”

SANDAG is the statutorily created regional transportation planning agency. In 2003, State legislation required the consolidation of the planning, programming, project development, and construction functions of the agencies currently known as San Diego Metropolitan Transit System

(“MTS”) and North County Transit District (“NCTD”) into SANDAG. SANDAG is now responsible for transit planning, programming, project implementation, and construction of transit projects in the region and assists in the financing of transit projects. Neither SANDAG nor the Commission operates public transit services. MTS and NCTD operate such services within the County. SANDAG is the operator of certain express lanes on State Route 125 and has issued toll revenue debt to finance the acquisition of such toll road. The liabilities of SANDAG are not liabilities of the Commission.

Mid-Coast Corridor Transit Project

The Commission’s “Mid-Coast Corridor Transit Project” is a 10.92 mile extension of the Metropolitan Transit System’s San Diego Trolley Blue Line from the Santa Fe Depot in downtown San Diego to the University Town Center Transit Center in the University City community of San Diego, California. As of the date of this Official Statement, the Mid-Coast Corridor Transit Project is approximately 85% completed. The Commission applied the proceeds of the 2018 Short-Term Notes to: (i) finance or refinance certain costs of the Mid-Coast Corridor Transit Project, including all or a portion of (a) upgrades to signaling and traction power systems along existing trolley tracks from the Santa Fe Depot to the Old Town Transit Center, (b) construction of new double track between the Old Town Transit Center and the UTC Transit Center in University City, (c) construction of new stations; (d) construction of park-and-ride facilities with parking spaces; (e) construction of transfer facilities; and (f) acquisition of new low-floor light rail transit vehicles, and (ii) pay the costs of issuing the 2018 Short-Term Notes. The 2018 Short-Term Notes are being refunded and defeased in full with a portion of the proceeds of the 2021 Short-Term Notes. See “REFUNDING PLAN.”

The Commission previously applied certain proceeds of its Series 2014 Bonds and Series 2016 Bonds to finance a portion of the costs of the design and construction of the Mid-Coast Corridor Transit Project under the *TransNet* Early Action Program. On August 14, 2019 SANDAG issued \$335,000,000 Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), to provide funds to finance a further portion of the costs of the design and construction of the Mid-Coast Corridor Transit Project.

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by new strains of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is significantly affecting many parts of the world, including the United States, California and the County. The Pandemic has negatively affected travel and commerce and is widely expected to continue to negatively affect economic output.

Sales Tax Revenue collections have been higher in the first half of Fiscal Year 2021 than the first half of the prior fiscal year. In particular, collections have benefited from a recent United States Supreme Court ruling that broadened the ability to tax online sales of a seller located in another state at a time when online-sales surged as a result of the Pandemic. See “THE SALES TAX – Recent Developments Regarding Sales Tax Collection. Sales Tax Revenues have also benefited from higher-than-expected spending on taxable items as a result of public income support (stimulus checks and supplemental unemployment benefits), the fast recovery in high paying jobs, and the strong stock market. Spending behavioral changes have also led to strong increases in spending on taxable goods, while spending on services decreased due to Pandemic related restrictions. See “THE SALES TAX – Historical Sales Tax Revenues – Monthly Sales Tax Revenues.”

To date, the economic effects of the Pandemic have not resulted in a material reduction of Sales Tax Revenues by the Commission is unable to predict the Pandemic’s ongoing impact. Such impact could have a material adverse effect on future Sales Tax Revenues. See “RISK FACTORS – COVID-19 Pandemic.” The Commission does have flexibility to adjust project expenditures if necessary to adapt to

the practical and economic challenges of the Pandemic. See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION – The Expenditure Plan.”

THE 2021 SHORT-TERM NOTES

The 2021 Short-Term Notes are being issued by the Commission pursuant to the Subordinate Indenture and the Act. The 2021 Short-Term Notes will be dated their date of delivery and will mature on the date and in the amounts, and will bear interest at the rates, shown on the cover page of this Official Statement. Interest on the 2021 Short-Term Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Commission will issue the 2021 Short-Term Notes as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Commission will pay interest on the 2021 Short-Term Notes on April 1 and October 1 of each year, commencing on October 1, 2021 (each, an “Interest Payment Date”).

The 2021 Short-Term Notes will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2021 Short-Term Notes. Investors may purchase 2021 Short-Term Notes in book-entry form only. Purchasers (“Beneficial Owners”) of the 2021 Short-Term Notes will not receive physical certificates representing their ownership interest in the 2021 Short-Term Notes purchased. Payments of principal of and interest on the 2021 Short-Term Notes will be made to DTC, and DTC will distribute such payments to its Direct Participants. “Beneficial Owner” means any Person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any 2021 Short-Term Note, including, without limitation, any Person holding 2021 Short-Term Notes through nominees or depositories, including DTC. Disbursement of such payments to Beneficial Owners of the 2021 Short-Term Notes is the responsibility of DTC’s Direct and Indirect Participants and not the Commission. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES

Anticipated Repayment of Principal of 2021 Short-Term Notes From TIFIA Loan Draw

The Commission does not expect to collect and retain Sales Tax Revenues in an amount sufficient to pay the principal of the 2021 Short-Term Notes at maturity. The Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of a draw on the TIFIA Loan Agreement, with the TIFIA Lender, pursuant to which the TIFIA Lender has agreed to extend credit to the Commission in the amount of \$537,484,439, plus up to five years of capitalized interest. See “JUNIOR SUBORDINATE TIFIA LOAN” and “RISK FACTORS – Availability of Funds to Pay 2021 Short-Term Notes” herein.

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Bonds under the Senior Indenture, or Notes or other Parity Debt under the Subordinate Indenture or to otherwise obtain financing, at any interest rate not to exceed the Maximum Interest Rate (as defined in the Senior Indenture) and subject to the terms of the Senior Indenture and the Subordinate Indenture, to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Best Efforts Undertaking to Draw on TIFIA Loan Agreement or Obtain Financing.”

Subordinate Pledge of Sales Tax Revenues

The 2021 Short-Term Notes are limited obligations of the Commission and are payable as to principal and interest exclusively from Revenues as defined in the Subordinate Indenture, consisting of Sales Tax Revenues and any other amounts received by the Trustee after satisfaction of the Commission's obligation to pay principal of and interest on the Senior Lien Debt (as defined below), scheduled payments on any Interest Rate Swap Agreements and to replenish shortfalls, if any, in debt service reserve funds relating to the Senior Lien Debt. "Sales Tax Revenues" means the amounts available for distribution to the Commission on and after July 1, 1988 on account of the Sales Tax after deducting amounts payable by the Commission to the CDTFA for costs and expenses for its services in connection with the Sales Tax. For a general discussion of the Sales Tax and historical and forecasted Sales Tax Revenues, see "THE SALES TAX" herein.

The Subordinate Indenture provides that the pledge of Revenues for the payment of the 2021 Short-Term Notes, the Subordinate Commercial Paper Notes, and any debt or other obligations of the Commission secured by Revenues on a parity with the 2021 Short-Term Notes (such debt being hereinafter referred to as "Parity Debt"), shall constitute a first lien on the Revenues pledged under the Subordinate Indenture and shall be valid and binding from and after delivery by the Trustee of the 2021 Short-Term Notes or Parity Debt, without any physical delivery thereof or further act. The security provisions of the Senior Indenture and the Subordinate Indenture effectively create a second lien on Sales Tax Revenues, junior and subordinate to the first lien on Sales Tax Revenues that secures the Senior Lien Debt.

Under the Subordinate Indenture, the Commission has covenanted to cause the Sales Tax Revenues to be transmitted by the CDTFA directly to the Senior Trustee and pursuant to the Senior Indenture each month the Senior Trustee shall remit all Sales Tax Revenues remaining after satisfaction of the requirements relating to the Senior Lien Debt to the Trustee. The Trustee is directed to deposit all Sales Tax Revenues received from the Senior Trustee in the Revenue Fund established under the Subordinate Indenture. See "Allocation of Sales Tax Revenues for 2021 Short-Term Notes" below. All moneys at any time held in the Revenue Fund established under the Subordinate Indenture shall be held in trust for the benefit of the registered owners of the 2021 Short-Term Notes and Parity Debt and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Subordinate Indenture.

As of _____, 2021, the Commission had outstanding \$ _____ aggregate principal amount of sales tax revenue bonds (the "Outstanding Senior Bonds") and may decide to issue additional sales tax revenue bonds or other indebtedness having a lien upon the Sales Tax Revenues that is senior to that of the 2021 Short-Term Notes (the Outstanding Senior Bonds and any additional bonds or other indebtedness secured by a lien on Sales Tax Revenues senior to lien securing the 2021 Short-Term Notes is referred to herein as the "Senior Lien Debt"). The Commission is also party to Interest Rate Swap Agreements and Liquidity Facilities secured by a lien on Sales Tax Revenues senior to the pledge securing the 2021 Short-Term Notes. See "OUTSTANDING OBLIGATIONS – Senior Lien Debt," "– Interest Rate Swap Agreements and "– Liquidity Facilities"

See APPENDIX C-1 – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE."

Limited Liability

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE COMMISSION TO THE EXTENT OF THE PLEDGE OF REVENUES DESCRIBED HEREIN, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2021 SHORT-

TERM NOTES. NEITHER THE CREDIT NOR THE TAXING POWER (OTHER THAN AS DESCRIBED IN THE SUBORDINATE INDENTURE) OF THE COMMISSION IS PLEDGED FOR THE PAYMENT OF THE 2021 SHORT-TERM NOTES. THE 2021 SHORT-TERM NOTES ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES.

Allocation of Sales Tax Revenues for 2021 Short-Term Notes

In accordance with the Subordinate Indenture, so long as any 2021 Short-Term Notes are Outstanding and all other amounts payable thereunder remain unpaid, the Trustee will set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following fund (which the Trustee shall establish, maintain and hold in trust for the benefit of the Holders of the 2021 Short-Term Notes and Parity Debt) in the following amount, the requirements of such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to any outstanding Subordinate Commercial Paper Notes and Parity Debt as provided in the Subordinate Indenture and the proceedings for such Parity Debt delivered to the Trustee pursuant to the Subordinate Indenture (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the 2021 Short-Term Notes and Parity Debt).

2021 Short-Term Notes Interest Fund. Following receipt of the Sales Tax Revenues from the Senior Trustee in each month, the Trustee shall set aside in the 2021 Short-Term Notes Interest Fund as soon as practicable in such month an amount equal to one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the 2021 Short-Term Notes during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the 2021 Short-Term Notes Interest Fund from the proceeds of the 2021 Short-Term Notes or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such 2021 Short-Term Notes is on deposit in such fund; provided that from the date of delivery of the 2021 Short-Term Notes until the first Interest Payment Date with respect to such 2021 Short-Term Notes the amounts set aside in such fund with respect to such 2021 Short-Term Notes shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date. No deposit need be made into the 2021 Short-Term Notes Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Date falling within the next six (6) months upon the 2021 Short-Term Notes then Outstanding and on April 1 of each year any excess amounts in the 2021 Short-Term Notes Interest Fund not needed to pay interest on such date shall be transferred to the Commission (but excluding, in each case, any moneys on deposit in the 2021 Short-Term Notes Interest Fund to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

Pursuant to the Subordinate Indenture, the principal payments for the 2021 Short-Term Notes constitute Excluded Principal Payments and no amounts need be on deposit in the 2021 Short-Term Notes Principal Fund with respect to such principal payments. See APPENDIX C-2 — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE – THIRD SUPPLEMENT TO THE SUBORDINATE INDENTURE – Allocation of Sales Tax Revenues – 2021 Short-Term Notes Principal Fund.”

Best Efforts Undertaking to Draw on TIFIA Loan Agreement or Obtain Financing

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Bonds under the Senior Indenture, or Notes or other Parity Debt under the Subordinate Indenture or to otherwise obtain financing, at any interest rate not to exceed the Maximum Interest Rate (as defined in the Senior Indenture) and subject to the terms of the Senior Indenture and the Subordinate Indenture, to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. See “RISK FACTORS – Availability of Funds to Pay the 2021 Short-Term Notes.”

Issuance of Additional Obligations

The 2021 Short-Term Notes will be issued and delivered as Subordinate Obligations under the Subordinate Indenture. Except to the extent restricted by the Subordinate Indenture, the Senior Indenture and the TIFIA Loan, the Commission may issue or incur obligations payable out of Sales Tax Revenues on a basis senior to, on a parity with, or junior and subordinate to the payment of the principal and interest requirements for the 2021 Short-Term Notes.

Issuance of Additional Senior Lien Obligations. The Commission may by an indenture supplemental to the Senior Indenture establish one or more series of Senior Bonds (as such term is defined herein) payable from Sales Tax Revenues and secured by the pledge made under the Senior Indenture on a basis senior to the 2021 Short-Term Notes, but only upon compliance by the Commission with certain provisions of the Senior Indenture, the Subordinate Indenture and the TIFIA Loan. Some applicable provisions of the Senior Indenture are described below:

(a) No Event of Default (as such term is defined in the Senior Indenture) shall have occurred and then be continuing.

(b) If the supplemental indenture providing for the issuance of such series of additional Bonds requires either (i) the establishment of a bond reserve fund to provide additional security for such series of bonds or (ii) that the balance on deposit in an existing bond reserve fund established under the Senior Indenture be increased, forthwith upon the receipt of the proceeds of the sale of Senior Bonds of such series, to an amount at least equal to the Bond Reserve Requirement (as such term is defined in the Senior Indenture) with respect to such series of Senior Bonds and all other Senior Bonds secured by such bond reserve fund to be considered Outstanding (as such term is defined in the Senior Indenture) upon the issuance of such additional series of Senior Bonds, the supplemental indenture providing for the issuance of such additional series of Senior Bonds shall require deposit of the amount necessary. Said deposit may be made from the proceeds of the sale of Senior Bonds of such series or from other funds of the Commission or from both such sources or in the form of a Reserve Facility as described under APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – Definitions” and “ – Establishment and Application of Funds and Accounts – Funding and Application of Bond Reserve Funds.”

(c) The Commission shall have placed on file with the Senior Bond Trustee a certificate of the Commission, certifying that the amount of Sales Tax Revenues collected during the fiscal year for which audited financial statements are available preceding the date on which such additional series of Senior Bonds will become outstanding was equal to at least 2.0 times Maximum Annual Debt Service (as such term is defined in the Senior Indenture) on all series of Senior Bonds then Outstanding (as such term is defined in the Senior Indenture) and any indebtedness, installment sale obligation, lease obligation or other obligation of the Commission then Outstanding (as such term is defined in the Senior Indenture) for

borrowed money or the Initial Swaps (as such term is defined in the Senior Indenture), the Basis Rate Swap Overlays, or any other Interest Rate Swap Agreement (as such term is defined in the Senior Indenture) (excluding, in each case, fees and expenses and termination payments on Interest Rate Swap Agreements (as such term is defined in the Senior Indenture) entered into in connection with a series of Senior Bonds, in each case incurred in accordance with the provisions of the Senior Indenture described herein and having an equal lien and charge upon the Sales Tax Revenues and therefore payable on a parity with the Senior Bonds (whether or not any Senior Bonds are Outstanding (as such term is defined in the Senior Indenture)) (collectively, the “Senior Obligations”), and the additional series of Senior Bonds then proposed to be issued, which certificate shall also set forth the computations upon which such certificate is based. For purposes of calculating Maximum Annual Debt Service (as such term is defined in the Senior Indenture), principal and interest payments on Obligations (as such term is defined in the Senior Indenture) are excluded to the extent such payments are to be paid from Revenues (as such term is defined in the Senior Indenture) then held on deposit by the Senior Trustee or from other amounts on deposit, including Investment Securities (as such term is defined in the Senior Indenture) and interest to be payable thereon, with the Senior Trustee or other fiduciary in escrow specifically therefor and interest payments are excluded to the extent that such interest payments are to be paid from the proceeds of Obligations (as such term is defined in the Senior Indenture), including Investment Securities (as such term is defined in the Senior Indenture) and interest to be payable thereon, held by the Senior Trustee or other fiduciary as capitalized interest specifically to pay such interest or from pledged Subsidy Payments (as such term is defined in the Senior Indenture) the Commission expects to receive.

(d) The Commission shall deliver to the Senior Trustee and the TIFIA Lender a certificate of the Commission to the effect that (i) no Event of Default (as defined in the TIFIA Loan Agreement) has occurred and is then continuing, and (ii) no event has occurred and is then continuing that with the passage of time or the giving of notice will become an Event of Default under the Senior Indenture or under the TIFIA Loan Agreement (as such terms are defined in the 2017 TIFIA Loan Agreement);

(e) While any TIFIA Bonds (as such term is defined in the Senior Indenture) are Outstanding (as such term is defined in the Senior Indenture), the Commission shall provide to the Senior Trustee and the TIFIA Lender, prior to the issuance of such additional series of Senior Bonds, a certificate of the Commission certifying that the amount of Sales Tax Revenues collected during any 12 consecutive calendar months specified by the Commission within the most recent 18 calendar months immediately preceding the date on which such additional series of Senior Bonds will become outstanding shall have been at least equal to 1.15 times Total Maximum Annual Debt Service (as such term is defined in the Senior Indenture) on all Senior Obligations (as such term is defined in the Senior Indenture), Subordinate Obligations (as such term is defined in the Senior Indenture) and Junior Subordinate Obligations (as such term is defined in the Senior Indenture) then Outstanding (as such term is defined in the Senior Indenture) and the additional series of Senior Bonds then proposed to be issued, which certificate shall also set forth the computations upon which such certificate is based; and

(f) The Commission shall certify to the Senior Trustee and the TIFIA Lender that the issuance of any additional Senior Bonds (other than Senior Bonds issued or incurred for purposes of refunding in compliance with the requirements for the issuance of Senior Refunding Bonds set forth in the Senior Indenture will not, in and of itself, result in a downgrade below “A-” or “A3” or withdrawal of the then-existing credit rating of any TIFIA Bonds (as such term is defined in the Senior Indenture), as confirmed by the Nationally Recognized Rating Agencies (as such term is defined in the Senior Indenture) that provided the most recent ratings of such TIFIA Bonds at the request of the Commission.

Nothing in the Senior Indenture will prevent or be construed to prevent the supplemental indenture providing for the issuance of an additional series of Senior Bonds and pledging or otherwise providing, in addition to the security given or intended to be given by the Senior Indenture, additional security for the benefit of such additional series of Senior Bonds or any portion thereof.

Issuance of Additional Subordinate Obligations. The Commission may by Supplemental Indenture to the Subordinate Indenture establish one or more additional Series of Subordinate Commercial Paper Notes or Parity Debt, payable from Revenues and secured by the pledge made under the Subordinate Indenture equally and ratably with the 2021 Short-Term Notes and any other Subordinate Commercial Paper Notes previously issued, and the Commission may issue, and the Issuing and Paying Agent may authenticate and deliver to the purchasers thereof, Subordinate Commercial Paper Notes of any Series so established, in such principal amount as shall be determined by the Commission, but only, with respect to each such additional Series of Subordinate Commercial Paper Notes or Parity Debt, upon compliance by the Commission with the provisions of the Subordinate Indenture and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions:

(a) No Event of Default shall have occurred and then be continuing under the Subordinate Indenture.

(b) The aggregate principal amount of Subordinate Commercial Paper Notes or Parity Debt authorized to be issued under the Subordinate Indenture together with all outstanding Senior Lien Debt and Parity Debt shall not in combination with all outstanding debt obligations of the Commission exceed any limitation imposed by law or by any Supplemental Indenture or by Section 132309(b) of the Public Utilities Code of the State.

(c) The Commission shall place on file with the Trustee and each Administrative Agent a Certificate of the Commission certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Subordinate Commercial Paper Notes or Parity Debt will become Outstanding shall have been at least equal to 1.5 times the amount of Maximum Annual Debt Service (as such term is defined in the Subordinate Indenture) on all Senior Lien Debt, Subordinate Commercial Paper Notes and Parity Debt then outstanding and the additional Series of Subordinate Commercial Paper Notes or Parity Debt then proposed, which Certificate shall also set forth the computations upon which such Certificate is based, which Certificate shall also set forth the computations upon which such Certificate is based. See APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE.”

OUTSTANDING OBLIGATIONS

Senior Bonds

Pursuant to the Senior Indenture the Commission has issued the senior lien sales tax revenue bonds summarized below. Such bonds and any additional bonds hereafter authorized by, and at any time Outstanding under, the Senior Indenture are referred to collectively herein as “Senior Bonds.”

The Commission may issue additional Senior Bonds and may issue or incur other obligations secured in whole or in part by a pledge of Sales Tax Revenues on a parity with the Senior Bonds and the regularly scheduled payments on the Initial Swaps (as defined herein), the Basis Swap Overlays (as defined herein) and any other Interest Rate Swap Agreements (as defined herein), subject to compliance with the terms and provisions set forth in the Senior Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Issuance of Additional Obligations – Issuance of Additional Senior Lien Obligations.”

Series 2008 Bonds. On March 27, 2008, the Commission issued its \$600,000,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, 2008 Series B, 2008 Series C and 2008 Series D (collectively, the “Series 2008 Bonds”) in the aggregate principal amount of \$600,000,000. The Series 2008 Bonds have a final stated maturity of April 1, 2038. The Series 2008 Bonds are currently

Outstanding in the aggregate principal amount of \$402,300,000. The Series 2008 Bonds are variable rate demand obligations and currently bear interest at a weekly interest rate. The Commission entered into certain Initial Swaps in connection with the Series 2008 Bonds, pursuant to which the Commission pays fixed rates and receives variable rates. See “OUTSTANDING OBLIGATIONS – Interest Rate Swap Agreements.” A portion of the proceeds of the Series 2012 Bonds described below refunded \$151.5 million of the Series 2008 Bonds and a corresponding notional amount of the Initial Swaps were terminated. The Series 2008 Bonds are currently the only Series of Bonds secured by a Bond Reserve Fund.

Series 2008 Bonds Reserve Fund. Pursuant to the Indenture, there has been established the Series 2008 Bonds Reserve Fund to be maintained by the Trustee as a pooled reserve fund for the 2008 Reserve Fund Eligible Bonds. The Series 2008 Bonds Reserve Fund is currently funded in the amount of \$21,841,581.93. The “2008 Reserve Fund Eligible Bonds” are the Series 2008 Bonds and any other Series of Additional Bonds or Refunding Bonds or portions thereof (in each case, payable on a parity with the Series 2008 Bonds from, and secured as to payment on a parity with the Series 2008 Bonds by the Revenues and other funds) issued and designated, by a Supplemental Indenture, to be secured by and entitled to the pledge and benefit of the Series 2008 Bonds Reserve Fund. The Commission has not designated any outstanding Bonds, other than the Series 2008 Bonds as 2008 Reserve Fund Eligible Bonds.

2010 Series A Bonds and 2010 Series B Bonds. On November 10, 2010, the Commission issued its \$338,960,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) (the “2010 Series A Bonds”). The 2010 Series A Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048. The 2010 Series A Bonds are currently outstanding in the aggregate principal amount of \$338,960,000. On November 10, 2010, the Commission issued its \$11,040,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (the “2010 Series B Bonds”). On February 19, 2020, the Commission refunded in full the outstanding 2010 Series B Bonds with a portion of the proceeds of the 2020 Series A Bonds.

The 2010 Series A Bonds were issued as “Build America Bonds” bearing taxable interest rates that were expected to be offset by a cash subsidy from the United States Treasury (the “Subsidy Payments”) pledged thereto under the Indenture. The amount of any Subsidy Payments to be received in connection with the 2010 Series A Bonds is subject to change by the federal government. On March 1, 2013, the federal government announced the implementation of certain automatic spending cuts known as “sequestration.” Future reductions in Subsidy Payments may occur due to the sequester, but the Commission is unable to predict the amount or duration of such reductions. Further, Subsidy Payments will only be paid if the 2010 Series A Bonds continue to qualify as Build America Bonds. The Commission does not believe that failure to receive the Subsidy Payments in whole or in part will materially and adversely impact the Commission’s ability to pay debt service on the 2010 Series A Bonds or other obligations. See “RISK FACTORS – Loss of Subsidy Payments.”

Series 2012 Bonds. On June 14, 2012, the Commission issued its \$420,585,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A (the “Series 2012 Bonds”). The Series 2012 Bonds are currently Outstanding in the aggregate principal amount of \$40,935,000. Proceeds of the Series 2012 Bonds refunded a portion of the Series 2008 Bonds in the aggregate principal amount of \$151,500,000. A portion of the 2019 Series A Bonds refunded a portion of the Series 2012 Bonds in the aggregate principal amount of \$246,910,000. The final maturity of the Series 2012 Bonds remaining outstanding is April 1, 2022.

2014 Series A Bonds. On September 10, 2014, the Commission issued its \$350,000,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2014 Series A. The 2014 Series A Bonds are currently Outstanding in the aggregate principal amount of \$170,420,000. The 2014 Series A Bonds are fixed rate

bonds. A portion of the 2019 Series A Bonds refunded a portion of the 2014 Series A Bonds in the aggregate principal amount of \$155,335,000. The final maturity of the 2014 Series A Bonds remaining outstanding is April 1, 2039. The Commission plans to issue within the next sixty days approximately \$ _____* of bonds on a parity with the Senior Bonds and approximately \$ _____* of bonds on a parity with the 2021 Short-Term Notes, with a portion of the proceeds of such issues expected to be applied to refund a portion of the Series 2014 Series A Bonds. No assurance can be provided that such bonds will be issued and delivered or the final size of either issuance.

Series 2016 Bonds. On August 17, 2016, the Commission issued its \$325,000,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2016 Series A (the “Series 2016 Bonds”). The Series 2016 Bonds are currently Outstanding in the aggregate principal amount of \$307,880,000. The Series 2016 Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048.

2019 Series A Bonds. On December 19, 2019, the Commission issued its \$442,620,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2019 Series A (Taxable) (the “2019 Series A Bonds”). The 2019 Series A Bonds are currently Outstanding in full. The 2019 Series A Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048.

2020 Series A Bonds. On February 19, 2020, the Commission issued its \$74,820,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2020 Series A (Green Bonds) (the “2020 Series A Bonds”). The 2019 Series A Bonds are currently Outstanding in full. The 2020 Series A Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048.

Interest Rate Swap Agreements

Initial Swaps. In November 2005, the Commission entered into three interest rate swap agreements (the “Initial Swaps”) in an initial aggregate notional amount of \$600,000,000, or \$200,000,000 each. The Initial Swaps became effective as of April 1, 2008, and the notional amounts amortize in tandem with the amortization of the Series 2008 Bonds. The Commission’s obligation to make regularly scheduled payments to the counterparties under the Initial Swaps is payable from and secured by Sales Tax Revenues on a parity basis with the Senior Bonds. None of the Initial Swaps obligates the Commission to post any collateral.

Pursuant to the terms of the Initial Swaps, the Commission agreed to pay to the counterparties a fixed rate of interest and the counterparties agreed to pay the Commission a floating rate of interest on the first day of each month, commencing May 1, 2008. Under certain conditions, the Initial Swaps may be terminated, at which time the Commission may be required to make a termination payment to the applicable counterparty. Termination payments payable in accordance with the provisions of the Initial Swaps are secured by a lien on the Sales Tax Revenues subordinate to the lien which secures the Senior Bonds, any parity obligations allowed pursuant to the Senior Indenture and other Subordinate Obligations, including the 2018 Short-Term Notes and the Subordinate Commercial Paper Notes. A portion of the proceeds of the Series 2012 Bonds refunded \$151.5 million of the Series 2008 Bonds and a corresponding notional amount of the Initial Swaps were terminated. As of _____, 2021, if the Initial Swaps were terminated in full, the Commission would owe approximately \$ _____.

The swap counterparties under the Initial Swaps, the fixed rate of interest paid by the Commission, and the floating rate of interest paid by the swap counterparties are as follows:

* Preliminary, subject to change.

<u>Name of Counterparty</u>	<u>Current Notional Amount</u>	<u>Rate</u>	<u>Floating Rate Received by Commission</u>
Goldman Sachs Mitsui Marine Derivative Products, L.P.	\$134,100,000	3.8165%	USD SIFMA Swap Index
Bank of America, N.A.	\$134,100,000	3.8165%	USD SIFMA Swap Index
Bank of America, N.A.	\$134,100,000	3.4100%	65% of USD One-Month LIBOR

Basis Rate Swap Overlays. In March 2009, the Commission entered into two SIFMA/LIBOR floating-to-floating swaps (the “Basis Rate Swap Overlays”), each with Barclays Bank PLC (“Barclays”) and each with the initial notional amount of \$156,600,000. Pursuant to the terms of the Basis Rate Swap Overlays, the Commission agreed to pay to Barclays the SIFMA Swap Index and Barclays agreed to pay the Commission 107.4% of 3-month LIBOR on the first day of each month, commencing on May 1, 2018. The Commission’s obligation to make regularly scheduled swap payments to Barclays under the Basis Rate Swap Overlays is payable from and secured by Sales Tax Revenues on parity with the Senior Bonds. Under certain circumstances, the Basis Rate Swap Overlays may be terminated, at which time the Commission may be required to make a termination payment to the applicable counterparty. As of _____, 2021, if the Basis Rate Swap Overlays were terminated in full, the Commission would receive approximately \$ _____. Under the terms of the Basis Rate Swap Overlays, the Commission may terminate the agreement and cash settle with prior written notice. Termination payments payable in accordance with the provisions of the Basis Rate Swap Overlays are secured by a lien on the Sales Tax Revenues subordinate to the lien that secures the Senior Bonds, any parity obligations and Subordinate Obligations, including the 2021 Short-Term Notes.

LIBOR Retirement. The Financial Conduct Authority (“FCA”) of the United Kingdom, which has regulated LIBOR since April of 2013, has announced its intention to retire the benchmark interest rate setting mechanism (“LIBOR Retirement”). FCA has announced it will consult on its intention to cease the publication of the one week and two month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and to cease the publication of the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. Extending the publication of certain USD LIBOR tenors until June 30, 2023 is expected to allow most legacy USD LIBOR contracts to mature before LIBOR experiences disruptions. Certain agreements that rely on LIBOR without an alternative index upon LIBOR Retirement may need to be amended with the consent of the parties and/or bondholders. The Commission is reviewing its agreements and take appropriate action as the situation with respect to LIBOR Retirement develops. The Commission cannot predict the financial implications, if any, from LIBOR Retirement.

Liquidity Facilities

The 2008 Series A Bonds and the 2008 Series B Bonds are supported by a Standby Bond Purchase Agreement by and among JPMorgan Chase Bank, National Association, the Commission and the Trustee, as amended, including by a Sixth Amendment to Standby Bond Purchase Agreement, dated March 1, 2017 (as amended, the “JPMorgan Liquidity Facility”). The JPMorgan Liquidity Facility will expire on March 24, 2021, prior to the final maturity of the 2008 Series A Bonds and the 2008 Series B Bonds, unless extended or terminated in accordance with its terms. The Commission’s staff is currently working on securing an extension to the JPMorgan Liquidity Facility.

The 2008 Series C Bonds are supported by a Standby Bond Purchase Agreement dated as of November 1, 2017 (the “Bank of America Liquidity Facility”), by and among Bank of America, N.A., the Commission and the Trustee. The Bank of America Liquidity Facility will expire on November 2, 2021,

prior to the final maturity of the 2008 Series C Bonds, unless extended or terminated in accordance with its terms.

The 2008 Series D Bonds are supported by a Standby Bond Purchase Agreement by and among State Street Bank and Trust Company, the Commission and the Trustee (the “State Street Liquidity Facility” and, together with the JPMorgan Liquidity Facility and the Bank of America Liquidity Facility, the “2008 Liquidity Facilities” and each a “2008 Liquidity Facility”). The State Street Liquidity Facility will expire on June 4, 2024, prior to the final maturity of the 2008 Series D Bonds, unless extended or terminated in accordance with its terms.

The Commission is unable to predict the cost or availability of alternate credit or liquidity arrangements to replace any of the 2008 Liquidity Facilities upon their expiration or termination. See “RISK FACTORS – Acceleration of Liquidity Facility Bonds.”

Subordinate Obligations

The following Series of Subordinate Obligations are Outstanding under the Subordinate Indenture.

2021 Short-Term Notes. Upon execution and delivery of the 2021 Short-Term Notes, all of the 2018 Short-Term Notes are expected to be paid and discharged. The Commission does not expect to hold Sales Tax Revenues in an amount sufficient to pay the principal of the 2021 Short-Term Notes at maturity. The Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of a draw on the loan agreement the Commission entered into, on January 14, 2021 (the “TIFIA Loan Agreement”), with the U.S. Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “TIFIA Lender”), pursuant to which the TIFIA Lender has agreed to extend credit to the Commission in the amount of \$537,484,439, plus up to 5-years of capitalized interest (the “Junior Subordinate TIFIA Loan”). See “JUNIOR SUBORDINATE TIFIA LOAN” and “RISK FACTORS – Availability of Funds to Pay 2021 Short-Term Notes” herein.

The proceeds of the Junior Subordinate TIFIA Loan are expected to be fully drawn in a single disbursement no later than October 1, 2022, and such proceeds are expected to be applied to pay the 2021 Short-Term Notes on or prior to their maturity date. See “RISK FACTORS – Availability of Funds to Pay the 2021 Short-Term Notes.”

Subordinate Commercial Paper Notes and CP Letter of Credit. In 2005, the Commission authorized the issuance from time to time of Subordinate Commercial Paper Notes secured by a lien on the Sales Tax Revenues that is subordinate to the lien of the Bonds and any Parity Obligations. The total principal amount of Subordinate Commercial Paper Notes that are authorized to be issued may not exceed \$100,000,000. As the date of this Official Statement, \$53,488,000 in aggregate principal amount of Subordinate Commercial Paper Notes was outstanding. The payment of principal of and interest on the Subordinate Commercial Paper Notes up to \$100,000,000 is supported by an irrevocable, transferable direct-pay letter of credit issued by Bank of America, N.A. (the “CP Letter of Credit”). The CP Letter of Credit is stated to expire on September 10, 2021. The Commission’s obligation to reimburse Bank of America, N.A. for draws under the CP Letter of Credit is secured by a lien on the Sales Tax Revenues on a parity with the lien securing the Subordinate Commercial Paper Notes and the 2021 Short-Term Notes. Commission staff plans to recommend that the Commission increase the authorization of Subordinate Commercial Paper Notes to a maximum of \$200,000,000.

Under a Memorandum of Understanding, dated as of June 1, 2008 (the “Certificate Purchase MOU”), by and between the Commission and NCTD, the Commission agreed to issue \$34,000,000 in Subordinate Commercial Paper Notes to purchase outstanding Certificates of Participation evidencing

payments by NCTD under a Lease Agreement, dated as of July 1, 2004 (the “NCTD Certificates”), the proceeds of which funded the NCTD “SPRINTER” rail line. Under the Certificate Purchase MOU, while the Commission holds the NCTD Certificates, they bear interest at a rate equal to the weighted average interest rate on the Subordinate Commercial Paper Notes and are subject to an amortization schedule of approximately level debt service payments through September 1, 2034, corresponding to the amortization schedule of an interest rate swap agreement NCTD entered into in connection with the NCTD Certificates. The Commission is not obligated to make any payments under such interest rate swap agreement. The NCTD Certificates are currently outstanding in an aggregate principal amount of \$21,750,000.

Additional Subordinate Obligations. Except to the extent restricted by the Senior Indenture, the Commission may issue or incur Subordinate Obligations secured by a second lien pledge of Sales Tax Revenues on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Senior Obligations, as the same become due and payable and at the times and in the manner as required by the Subordinate Indenture.

JUNIOR SUBORDINATE TIFIA LOAN

General

On June 27, 2017, the Commission entered into a loan agreement (the “2017 TIFIA Loan Agreement”), pursuant to which the U.S. Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “TIFIA Lender”) agreed to make a junior and subordinate loan to the Commission in an amount not to exceed \$537,484,439. The 2017 TIFIA Loan had a fixed interest rate of 2.72% and a final maturity no later than October 1, 2045.

To achieve interest rate savings the Commission entered into a replacement TIFIA Loan Agreement with the TIFIA Lender on January 14, 2021 (the “TIFIA Loan Agreement”) and terminated the 2017 TIFIA Loan Agreement, which was not drawn. Pursuant to the TIFIA Loan Agreement the TIFIA Lender has agreed to extend credit to the Commission in the amount of \$537,484,439, plus up to five years of capitalized interest (the “Junior Subordinate TIFIA Loan”). The proceeds of the Junior Subordinate TIFIA Loan are expected to be applied to the payment of federally eligible costs of the Project, including repayment of the 2021 Short-Term Notes. The Junior Subordinate TIFIA Loan bears interest at a fixed rate of 1.75% and matures no later than October 1, 2045. The Junior Subordinate TIFIA Loan is secured by a third lien and pledge of Sales Tax Revenues that is subordinate to the liens and charges securing the Senior Bonds and the Subordinate Obligations. The Junior Subordinate TIFIA Loan is not secured by a springing lien.

The proceeds of the Junior Subordinate TIFIA Loan are expected to be fully drawn in a single disbursement no later than October 1, 2022, and such proceeds are expected to be applied to pay the 2021 Short-Term Notes on or prior to their maturity date. See “RISK FACTORS – Availability of Funds to Pay the 2021 Short-Term Notes.”

A copy of the TIFIA Loan Agreement may be found at:

<https://www.sandag.org/organization/about/investors/BondDocuments/BondOfficialStatements/2021TIFIA.pdf>.

Disbursement Requirements

The proceeds of the Junior Subordinate TIFIA Loan are expected to be fully drawn by the Commission in a single disbursement no later than October 1, 2022. Any requests to disburse the Junior

Subordinate TIFIA Loan proceeds must be submitted by the Commission to the TIFIA Lender in the form of a requisition attached to the TIFIA Loan Agreement. Disbursement of Junior Subordinate TIFIA Loan proceeds is subject to certain conditions precedent, including, among others, the following:

- (a) the Commission shall have delivered all required invoices and records evidencing Eligible Project Costs relating to the Mid-Coast Corridor Transit Project;
- (b) all required insurance policies are in full force and effect;
- (c) no event of default or prospective event of default under the TIFIA Loan Agreement has occurred and is continuing;
- (d) all representations and warranties are true, correct and complete as of the date of disbursement; and
- (e) no material adverse effect, or any event or condition that could reasonably be expected to result in a material adverse effect, shall have occurred and be continuing.

Events of Default and Remedies

Certain Definitions used under this Caption.

“Pledged Revenues” means (a) all Sales Tax Revenues, (b) all regularly-scheduled amounts (but not termination payments) owed or paid to the Commission by any Qualified Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed or paid by the Commission to such Qualified Counterparty under such Interest Rate Swap Agreement, (c) any additional revenues or assets of the Commission to be included in the definition of Pledged Revenues pursuant to a Supplemental Indenture; provided, however, that after making the required monthly deposits of Pledged Revenues from the Revenue Fund pursuant to Section 5.02 of the Indenture and Section 8(d) (Security and Priority; Flow of Funds), any remaining amounts transferred to the Commission pursuant to Section 5.02(B) of the Indenture, shall continue to be subject to the lien of the Indenture as Revenues.

“Indenture Documents” means the Senior Indenture, the Tenth Supplemental Indenture, each Supplemental Indenture executed on or after the effective date of the TIFIA Loan Agreement, the Subordinate Indenture, each Interest Rate Swap Agreement, each Credit Enhancement, and each other agreement, instrument and document executed and delivered pursuant to or in connection with any of the foregoing.

“MTS” means the San Diego Metropolitan Transit System, a public agency in the State.

“MTS Direct Agreement” means the Direct Agreement, dated January 14, 2021, by and among the TIFIA Lender, the Borrower and MTS.

“SANDAG Direct Agreement” means the Direct Agreement, dated January 14, 2021, by and among the TIFIA Lender, the Commission and SANDAG.

“TIFIA Loan Documents” means the TIFIA Loan Agreement, the TIFIA Bond, each Direct Agreement, the Tenth Supplemental Indenture and the other Indenture Documents.

Events of Default. The following events constitute events of default under the TIFIA Loan Agreement:

(i) Payment Default. The Commission shall fail to pay any of the principal amount of or interest on the TIFIA Loan, when and as the payment thereof shall be required under the TIFIA Loan Agreement or the TIFIA Bond (as defined herein) or on October 1, 2045, the final maturity date (each such failure, a “Payment Default”).

(ii) Covenant Default. (A) The Commission shall fail to observe or perform any covenant, agreement or obligation of the Commission under the TIFIA Loan Agreement, the TIFIA Bond or any other TIFIA Loan Document (other than in the case of any Payment Default or any Development Default), (B) SANDAG shall fail to observe or perform any covenant, agreement or obligation of SANDAG under the SANDAG Direct Agreement or (C) MTS shall fail to observe or perform any covenant, agreement or obligation of MTS under the MTS Direct Agreement, and any such failure described in clauses (A), (B) or (C) shall not be cured within thirty (30) days after receipt by the applicable Commission Related Party from the TIFIA Lender of written notice thereof; provided, however, that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then no Event of Default shall be deemed to have occurred or be continuing under Section 20(a)(ii) of the TIFIA Loan Agreement (*Covenant Default*), and such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the Commission, SANDAG or MTS, as applicable, shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured, and (y) such failure is cured within one hundred eighty (180) days of the date of the notice of default from the TIFIA Lender.

(iii) Development Default. A Development Default shall occur, in which case the TIFIA Lender may (A) suspend the disbursement of TIFIA Loan proceeds under the TIFIA Loan Agreement and (B) pursue such other remedies as provided in Section 20 of the TIFIA Loan Agreement (*Events of Default and Remedies*). If so requested by the TIFIA Lender in connection with a Development Default, the Commission shall immediately repay any unexpended TIFIA Loan proceeds previously disbursed to the Commission.

(iv) Misrepresentation Default. Any of the representations, warranties or certifications of (A) the Commission made in or delivered pursuant to the TIFIA Loan Documents (or in any certificates delivered by the Commission in connection with the TIFIA Loan Documents), (B) SANDAG made in or delivered pursuant to the SANDAG Direct Agreement (or in any certificates delivered by SANDAG in connection with the SANDAG Direct Agreement) or (C) MTS made in or delivered pursuant to the MTS Direct Agreement (or in any certificates delivered by MTS in connection with the MTS Direct Agreement), shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no Event of Default shall be deemed to have occurred under Section 20(a)(iv) of the TIFIA Loan Agreement (*Misrepresentation Default*) if and so long as:

- (1) such misrepresentation is not intentional;
- (2) in the case of the Commission, such misrepresentation is not a misrepresentation in respect of Section 14(h) (No Debarment), Section 14(j) (Compliance with Federal Requirements), Section 14(k) (Transportation Improvement Program),

Section 14(p) (Information), Section 14(q) (OFAC; Anti-Corruption Laws), Section 14(x) (Financial Statements) or Section 14(cc) (Patriot Act);

- (3) in the case of SANDAG, such misrepresentation is not a misrepresentation in respect of Sections 5(g), 5(i), 5(m) or 5(n) of the SANDAG Direct Agreement;
- (4) in the case of MTS, such misrepresentation is not a misrepresentation in respect of Sections 4(g), 4(i), 4(m) or 4(n) of the MTS Direct Agreement;
- (5) in the reasonable determination of the TIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a material adverse effect;
- (6) in the reasonable determination of the TIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured;
- (7) the underlying issue giving rise to the misrepresentation is cured by the applicable Commission Related Party within thirty (30) days from the date on which such Commission Related Party first became aware (or reasonably should have become aware) of such misrepresentation; and
- (8) the applicable Commission Related Party diligently pursues such cure during such thirty (30) day period.

(v) Acceleration of Secured Obligations or Other Material Indebtedness.

Any acceleration shall occur of the maturity of any (A) Secured Obligations or (B) any indebtedness or other payment obligations of the Commission secured by Pledged Revenues in an aggregate principal amount equal to or greater than \$1,000,000 that is senior to, or in parity with, the TIFIA Loan in right of payment or in right of security (“Other Material Indebtedness”), or any other indebtedness shall not be paid in full upon the final maturity thereof. For the avoidance of doubt, swap termination payments and term-outs of Secured Obligations that occur in accordance with the terms of such Secured Obligations shall not be considered acceleration.

(vi) Cross Default.

(A) Any of the representations, warranties or certifications of the Commission made in or delivered pursuant to the Indenture Documents, or made in or delivered pursuant to the documents (the “Other Loan Documents”) under which any Secured Obligations is created or incurred, shall prove to be false or misleading in any material respect (each an “Other Indebtedness Misrepresentation Default”), or any default shall occur in respect of the performance of any covenant, agreement or obligation of the Commission under the Indenture Documents or the Other Loan Documents, and such default shall be continuing after the giving of any applicable notice and the expiration of any applicable grace period specified in the Indenture Documents or the Other Loan Documents (as the case may be) with respect to such default (each an “Other Indebtedness Covenant Default”), if the effect of such Other Indebtedness Misrepresentation Default or Other Indebtedness Covenant Default shall be to permit the immediate acceleration of the maturity of any or all of the Secured Obligations, and, in the case of any such Other Indebtedness Misrepresentation Default or Other Indebtedness Covenant Default, the Commission shall have failed to cure such Other Indebtedness Misrepresentation Default or Other Indebtedness Covenant Default or to obtain an effective written waiver thereof in accordance with the terms of such Secured Obligations. For the avoidance of doubt, swap termination payments and term-outs of Secured Obligations that occur in accordance with the terms of such Secured Obligations shall not be considered acceleration.

(B) A Commission Related Party shall default in the timely performance of any covenant, agreement or obligation under any Related Document to which it is party or any Related Document shall be terminated prior to its scheduled expiration (unless in any case such default or termination could not reasonably be expected to have a material adverse effect), and the applicable Commission Related Party shall have failed to cure such default or to obtain an effective written waiver or revocation thereof prior to the expiration of the applicable grace period specified in any such Related Document, or to obtain an effective revocation of such termination (as the case may be); provided, however, that no Event of Default shall be deemed to have occurred or be continuing under Section 20(a)(vi)(B) of the TIFIA Loan Agreement (*Cross Default*) if, in the case of any termination of a Principal Project Contract, the applicable Commission Related Party replaces such Principal Project Contract with a replacement agreement (1) entered into with another counterparty that (x) is of similar or greater creditworthiness and experience as the counterparty being replaced was at the time the applicable Principal Project Contract was originally executed (or otherwise reasonably acceptable to the TIFIA Lender) and (y) is not, at the time of such replacement, suspended or debarred or subject to a proceeding to suspend or debar from bidding, proposing or contracting with any federal or state department or agency, (2) on substantially the same terms and conditions as the Principal Project Contract being replaced (or otherwise reasonably acceptable to the TIFIA Lender) and (3) effective as of the date of termination of the Principal Project Contract being replaced. For the avoidance of doubt, swap termination payments and term-outs of Secured Obligations that occur in accordance with the terms of such Secured Obligations shall not be considered acceleration.

(vii) Judgments. One or more judgments (A) for the payment of money that are payable from Sales Tax Revenues and the aggregate amount not otherwise fully covered by insurance (for which the insurer has acknowledged and not disputed coverage) is in excess of \$1,000,000 (inflated annually by CPI) or (B) that would reasonably be expected to result in a material adverse effect shall, in either case, be rendered against a Commission Related Party, and the same shall remain undischarged for a period of thirty (30) consecutive days during which time period execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon all or any portion of the Trust Estate to enforce any such judgment.

(viii) Failure to Maintain Existence. The Commission shall fail to maintain its existence as a public entity, unless at or prior to the time the Commission ceases to exist in such form a successor public agency or governing body has been created by the State pursuant to a valid and unchallenged State law and has succeeded to the assets of the Commission and has assumed all of the obligations of the Commission under the TIFIA Loan Documents and the Indenture Documents, including the payment of all secured obligations.

(ix) Occurrence of a bankruptcy related event. (A) A bankruptcy related event shall occur with respect to the Commission or (B) a bankruptcy related event shall occur with respect to any Commission Related Party (other than the Commission) or any Principal Project Party; provided, that: (1) a bankruptcy related event in connection with a Principal Project Party shall not constitute an Event of Default if the relevant Commission Related Party shall have promptly provided evidence satisfactory to the TIFIA Lender demonstrating that any substitute Principal Project Party has sufficient financial resources and operating expertise to complete the Principal Project Contract to which such principal project party was a party; and (2) after the substantial completion date, the occurrence of a bankruptcy related event in connection with any Principal Project Party shall not constitute an Event of Default if at the time of such occurrence, (x) each applicable warranty period shall have ended and no claim against any warranty under the applicable principal project contract shall exist or remain outstanding, or (y) if any applicable warranty period has not yet ended or any claim against any warranty remains outstanding, the

Commission promptly provides evidence satisfactory to the TIFIA Lender showing that SANDAG or MTS has (I) sufficient moneys to correct any defect or nonconforming work of such principal project party, and (II) a plan to carry out such works referred to in clause (I) hereof.

(x) Project Abandonment. Any Commission Related Party shall abandon the Project.

(xi) Invalidity of TIFIA Loan Documents. (A) Any TIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or any Commission Related Party contests in any manner the validity or enforceability of any TIFIA Loan Document to which it is a party or denies it has any further liability under any TIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any TIFIA Loan Document to which it is a party; or (B) any Indenture Document ceases (other than as expressly permitted thereunder) to be effective to grant a valid and binding security interest on any material portion of the Trust Estate other than as a result of actions or a failure to act by, and within the control of, the Trustee or any Secured Party, and with the priority purported to be created thereby.

(xii) Cessation of Operations. Operation of the Project shall cease for a continuous period of not less than one hundred eighty (180) days unless such cessation of operations shall occur by reason of an Uncontrollable Force that is not due to the fault of any Commission Related Party (and which none of the Commission Related Parties could reasonably have avoided or mitigated).

Remedies. Upon the occurrence of an Event of Default described in Section 20(a)(iii) of the TIFIA Loan Agreement (Development Default), all obligations of the TIFIA Lender thereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan shall immediately be deemed terminated.

Upon the occurrence of any bankruptcy related event with respect to the Commission, all obligations of the TIFIA Lender thereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan shall automatically be deemed terminated, and, if an Event of Default described in the TIFIA Loan Agreement (Acceleration of Secured Obligations or Other Material Indebtedness) shall occur or if the TIFIA Lender has a right to accelerate the TIFIA Loan pursuant to the TIFIA Loan Agreement (Additional Rights), the Outstanding TIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived. Upon the occurrence of any other Event of Default, the TIFIA Lender, by written notice to the Commission, may (i) suspend or terminate all of its obligations thereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan and (ii) if an Event of Default described in Section 20(a)(v) of the TIFIA Loan Agreement (Acceleration of Secured Obligations or Other Material Indebtedness) shall occur or if the TIFIA Lender has a right to accelerate the TIFIA Loan pursuant to Section 17(n) of the TIFIA Loan Agreement (Additional Rights), declare the unpaid principal amount of the TIFIA Bond to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents, all without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived.

Whenever any Event of Default thereunder shall have occurred and be continuing, the TIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the

collection of any sums due and unpaid thereunder or under the TIFIA Bond or the other TIFIA Loan Documents, and may prosecute any such judgment or final decree against the Commission and collect in the manner provided by law out of the property of the Commission the moneys adjudged or decreed to be payable, and the TIFIA Lender shall have all of the rights and remedies of a creditor, including all rights and remedies, to the extent applicable to the Trust Estate, of a secured creditor under the Uniform Commercial Code and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by Commission under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Commission under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents; provided, however, that any monetary judgment against the Commission shall be payable solely from the Trust Estate or from any other funds made available by the Commission, in its discretion. Whenever any Event of Default under the TIFIA Loan Agreement shall have occurred and be continuing, the TIFIA Lender may suspend or debar the Commission from further participation in any Government program administered by the TIFIA Lender and to notify other departments and agencies of such default. No action taken pursuant to this Section of the TIFIA Loan Agreement (Events of Default and Remedies) shall relieve Commission from its obligations pursuant to the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents, all of which shall survive any such action. The parties to the TIFIA Loan Agreement acknowledge and agree that the rights and remedies of the TIFIA Lender as the Holder of the TIFIA Bond, including any rights and remedies with respect to the payment thereof, shall be governed exclusively by the Senior Indenture.

In addition to the rights and remedies of Holders set forth in the Senior Indenture, the parties further acknowledge and agree in the TIFIA Loan Agreement that the TIFIA Loan shall be made under and subject to, the terms and conditions set forth in the TIFIA Loan Agreement and the rights and remedies of the TIFIA Lender, including the right to enforce the representations, warranties and covenants made by the Commission exclusively for the benefit of the TIFIA Lender, shall be governed exclusively by those remedies set forth in TIFIA Loan Agreement. In the event of a conflict between the Senior Indenture and the TIFIA Loan Agreement, the provisions of the TIFIA Loan Agreement shall be given precedence; provided, however, in the event there exists a conflict between the provisions of the TIFIA Loan Agreement and the Senior Indenture and performance with the provisions of the TIFIA Loan Agreement is contrary to or inconsistent with the rights of the Holders of other secured obligations under the Senior Indenture, then the provisions of the Senior Indenture shall be given precedence and performance with the provisions thereof shall not constitute a violation of the TIFIA Loan Agreement. Subject to the immediately previous sentence, the Commission shall comply with all provisions of the Senior Indenture and with all documents entered into or delivered in connection with this transaction.

REFUNDING PLAN

The Commission will apply the proceeds of the 2021 Short-Term Notes to: (i) refund and defease the Commission's outstanding Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A and (ii) pay the costs of issuing the 2021 Short-Term Notes. See "ESTIMATED SOURCES AND USES OF FUNDS." Pursuant to the terms of an Escrow Agreement, dated as of March 1, 2021 (the "Escrow Agreement"), by and between the Commission and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), a portion of the proceeds of the 2021 Short-Term Notes, together with other available moneys (collectively, the "Escrow Deposit"), will be deposited into the Escrow Fund established under the Escrow Agreement. The Escrow Deposit will be sufficient to purchase Defeasance Securities, the principal and interest of which when due will provide moneys that, together with uninvested moneys deposited with the Escrow Agent, will be sufficient to pay the principal of, and interest on, all of the 2018 Short-Term Notes due on April 1, 2021.

_____ (the “Verification Agent”), will deliver a report stating that the firm has verified the accuracy of mathematical computations concerning the adequacy of the Escrow Deposit deposited in the Escrow Fund. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of proceeds of the 2021 Short-Term Notes are shown below:

Estimated Sources of Funds:

Principal Amount of 2021 Short-Term Notes	\$
Premium ⁽¹⁾	
Commission Contribution	
Total	<u>\$</u>

Estimated Uses of Funds:

Deposit to Escrow Fund	\$
Capitalized Interest	
Underwriters’ Discount	
Costs of Issuance ⁽²⁾	
Total	<u>\$</u>

⁽¹⁾ Interest on the 2021 Short-Term Notes is expected to be paid from premium.

⁽²⁾ Includes rating agency, municipal advisory, legal, verification and Trustee fees, printing costs and other miscellaneous expenses.

**PROJECTED DEBT SERVICE SCHEDULE
OUTSTANDING SENIOR AND SUBORDINATE BONDS***

Fiscal Year Ending June 30	Senior Lien			Subordinate Lien				Total Outstanding Senior and Subordinate Bonds*
	Outstanding Senior Bonds ^{(1) (2) (3)}	2021 Series A Bonds*	Total Outstanding Senior Bonds	Outstanding Commercial Paper ⁽⁴⁾	Short-Term Notes ^{(5) (6)*}	2021 Series B Bonds*	Total Outstanding Subordinate Bonds	
2021	\$ 99,658,956	-	\$ 99,658,956	\$ 6,463,333	\$20,499,200	-	\$26,962,533	\$ 126,621,489
2022	96,408,400	\$ 3,610,233	100,018,634	6,461,000	-	\$ 4,486,111	10,947,111	110,965,745
2023	99,434,400	3,420,221	102,854,621	6,459,500	5,644,189	4,250,000	16,353,689	119,208,310
2024	99,432,444	3,420,221	102,852,665	6,463,750	-	4,250,000	10,713,750	113,566,415
2025	92,665,306	13,535,221	106,200,527	6,463,250	-	4,250,000	10,713,250	116,913,777
2026	92,663,628	13,533,405	106,197,032	6,463,000	-	6,300,000	12,763,000	118,960,032
2027	92,662,313	13,535,721	106,198,034	6,462,750	-	6,302,500	12,765,250	118,963,284
2028	92,668,664	13,530,305	106,198,969	6,462,250	-	6,299,750	12,762,000	118,960,969
2029	92,677,780	13,532,625	106,210,405	6,461,250	-	6,301,750	12,763,000	118,973,405
2030	92,683,303	13,529,330	106,212,633	6,459,500	-	6,303,000	12,762,500	118,975,133
2031	92,767,017	13,531,990	106,299,007	6,461,750	-	6,303,250	12,765,000	119,064,007
2032	92,774,665	13,535,045	106,309,710	6,462,500	-	6,302,250	12,764,750	119,074,460
2033	92,783,260	13,532,789	106,316,049	6,461,500	-	6,299,750	12,761,250	119,077,299
2034	92,792,029	13,534,578	106,326,607	6,463,500	-	6,300,500	12,764,000	119,090,607
2035	92,804,645	13,534,514	106,339,159	6,463,000	-	6,304,000	12,767,000	119,106,159
2036	92,809,743	13,531,756	106,341,499	6,459,750	-	6,299,750	12,759,500	119,100,999
2037	92,818,392	13,530,418	106,348,810	6,463,500	-	6,302,750	12,766,250	119,115,060
2038	92,827,244	13,532,122	106,359,366	6,463,500	-	6,302,250	12,765,750	119,125,116
2039	92,611,500	13,533,744	106,145,244	6,459,500	-	6,303,000	12,762,500	118,907,744
2040	106,681,377	-	106,681,377	6,461,250	-	6,299,500	12,760,750	119,442,127
2041	106,647,526	-	106,647,526	6,463,000	-	6,301,500	12,764,500	119,412,026
2042	106,611,420	-	106,611,420	6,459,250	-	6,303,250	12,762,500	119,373,920
2043	106,578,267	-	106,578,267	6,459,750	-	6,299,250	12,759,000	119,337,267
2044	106,532,899	-	106,532,899	6,463,750	-	6,304,250	12,768,000	119,300,899
2045	106,495,560	-	106,495,560	6,460,500	-	6,302,250	12,762,750	119,258,310
2046	106,454,632	-	106,454,632	6,459,750	-	6,303,000	12,762,750	119,217,382
2047	106,418,886	-	106,418,886	6,460,750	-	6,300,750	12,761,500	119,180,386
2048	106,362,393	-	106,362,393	6,462,750	-	6,300,000	12,762,750	119,125,143
Totals	\$2,744,726,649	\$213,444,238	\$2,958,170,887	\$180,928,833	\$26,093,389	\$162,174,361	\$369,246,583	\$3,327,417,470

* Preliminary, subject to change.

⁽¹⁾ Interest on the Series 2008 Bonds is calculated based on the fixed interest rates payable by the Commission to the swap counterparties pursuant to the Initial Swaps; the fixed interest rates payable under the Initial Swaps range from 3.41% to 3.8165%.

⁽²⁾ 2010 Series A Bonds projected debt service is net of Subsidy Payments. See “RISK FACTORS – Loss of Subsidy Payments.”

⁽³⁾ Excludes debt service associated with the Targeted Bonds, which are expected to be refunded with proceeds of the Series 2021 Bonds. See “FINANCING PLAN – Refunding of Targeted 2014 Series A Bonds.”

⁽⁴⁾ Includes \$ _____ million of commercial paper that is assumed to amortize for level debt service at an interest rate of ____% through FY2048.

⁽⁵⁾ Excludes principal on the 2021 Short-Term Notes, which is expected to be repaid from a single draw on the Commission’s 2017 TIFIA Loan (See - “Junior Subordinate TIFIA Loan”).

⁽⁶⁾ Includes estimated portion of interest on 2021 Short-Term Notes that is not capitalized, such amount is preliminary, and subject to change.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

General

The Commission was organized pursuant to the Act and is responsible for providing improvements to the transportation system and other public infrastructure systems in the County funded with the Sales Tax. To carry out this responsibility, the Commission adopted in 1987 the initial San Diego County Transportation Improvement Program Ordinance (Commission Ordinance 87-1 – Proposition A, 1987) (referred to herein as the “1987 Ordinance”). In 2004, the Commission adopted the San Diego County Transportation Improvement Program *TransNet* Ordinance and Expenditure Plan (Commission Ordinance 04-01), referred to herein as the “2004 Sales Tax Extension Ordinance,” which provides for an extension of the retail transactions and use tax implemented by the initial 1987 Ordinance for a 40-year period commencing on April 1, 2008. See “– The Expenditure Plan” below. The Commission Board is composed of the SANDAG Board of Directors. However, the liabilities of SANDAG are not liabilities of the Commission. SANDAG employees carry out the work of the Commission. The Commission has no employees.

On January 1, 2003, Senate Bill 1703 took effect, changing the structure of SANDAG from a Joint Powers Authority to a State-created regional government agency. The effect of this legislation was to make SANDAG a permanent rather than voluntary association of local governments and to increase SANDAG’s responsibilities and powers. The SANDAG Board of Directors consists of voting representatives from the County and 18 incorporated cities within the County. Supplementing these voting members are advisory representatives from Imperial County, the U.S. Department of Defense, Caltrans, San Diego Unified Port District, MTS, NCTD, San Diego County Water Authority, Southern California Tribal Chairmen’s Association, and Mexico. Policy Advisory Committees assist the SANDAG Board of Directors in carrying out the agency’s work program. The SANDAG Board of Directors is also assisted by a professional staff of approximately 250 planners, engineers, research specialists, and supporting staff. Senate Bill 1703 also required the consolidation of the planning, programming, project development, and construction functions of MTS and NCTD into SANDAG. SANDAG is responsible for transit planning, project implementation, and construction of regional transit projects in the County. Neither the Commission nor SANDAG operates transit services. Transit operations in the County are the responsibility of MTS and NCTD.

On October 9, 2015, the SANDAG Board of Directors adopted the 2050 Regional Transportation Plan (“2050 RTP”), which describes a plan for investing local, State and federal transportation funds expected to come into the region over the next 40 years. Per California Assembly Bill 1730 (Gonzales-Fletcher, 2019) the 2050 RTP, as well as its sustainable communities strategy and environmental impact, will remain in effect for all purposes under State law until SANDAG adopts its next update to its regional transportation plan on or before December 31, 2021. While work progresses on the regional transportation plan update, SANDAG prepared a 2019 Federal Regional Transportation Plan (2019 Federal RTP) that complies with federal requirements for the development of regional transportation plans, retains air quality conformity approval from the U.S. Department of Transportation, and preserves funding for the region’s transportation investments. The SANDAG Board of Directors anticipates considering an update to the 2050 RTP in late 2021.

Reducing greenhouse gas emissions is a major goal for the State of California, and the nation. Rising emissions, chiefly carbon dioxide from the burning of fossil fuels, are increasing average temperatures around the globe. And those emissions are leading to numerous changes, including rising sea levels and shifting weather patterns. In the southwestern United States, climate scientists project that the effects of climate change include increasingly higher temperatures and more intense and frequent droughts, among other consequences.

Sustainable Communities Strategy

Reducing greenhouse gas emissions is a major goal for the State of California, and the nation. Rising emissions, chiefly carbon dioxide from the burning of fossil fuels, are increasing average temperatures around the globe. And those emissions are leading to numerous changes, including rising sea levels and shifting weather patterns. In the southwestern United States, climate scientists project that the effects of climate change include increasingly higher temperatures and more intense and frequent droughts, among other consequences.

Along with the 2050 RTP, the Board adopted the Sustainable Communities Strategy (“SCS”). SANDAG’s target in the 2050 RTP is to reduce the region’s per capita emissions of greenhouse gases from cars and light trucks by 13 percent per capita by 2035. Five strategies are being employed consistent with the SCS in the region to foster sustainability.

- A land use pattern that accommodates the region’s future employment and housing needs, and protects sensitive habitats, cultural resources, and resource areas.
- A transportation network of public transit, Managed Lanes and highways, local streets, bikeways, and walkways built and maintained with reasonably expected funding.
- Managing demands on our transportation system (also known as Transportation Demand Management, or TDM) in ways that reduce or eliminate traffic congestion during peak periods of demand.
- Managing the transportation system (also known as Transportation System Management, or TSM) through measures that maximize the overall efficiency of the transportation network.
- Innovative pricing policies and other measures designed to reduce the number of miles people travel in their vehicles, as well as traffic congestion during peak periods of demand.

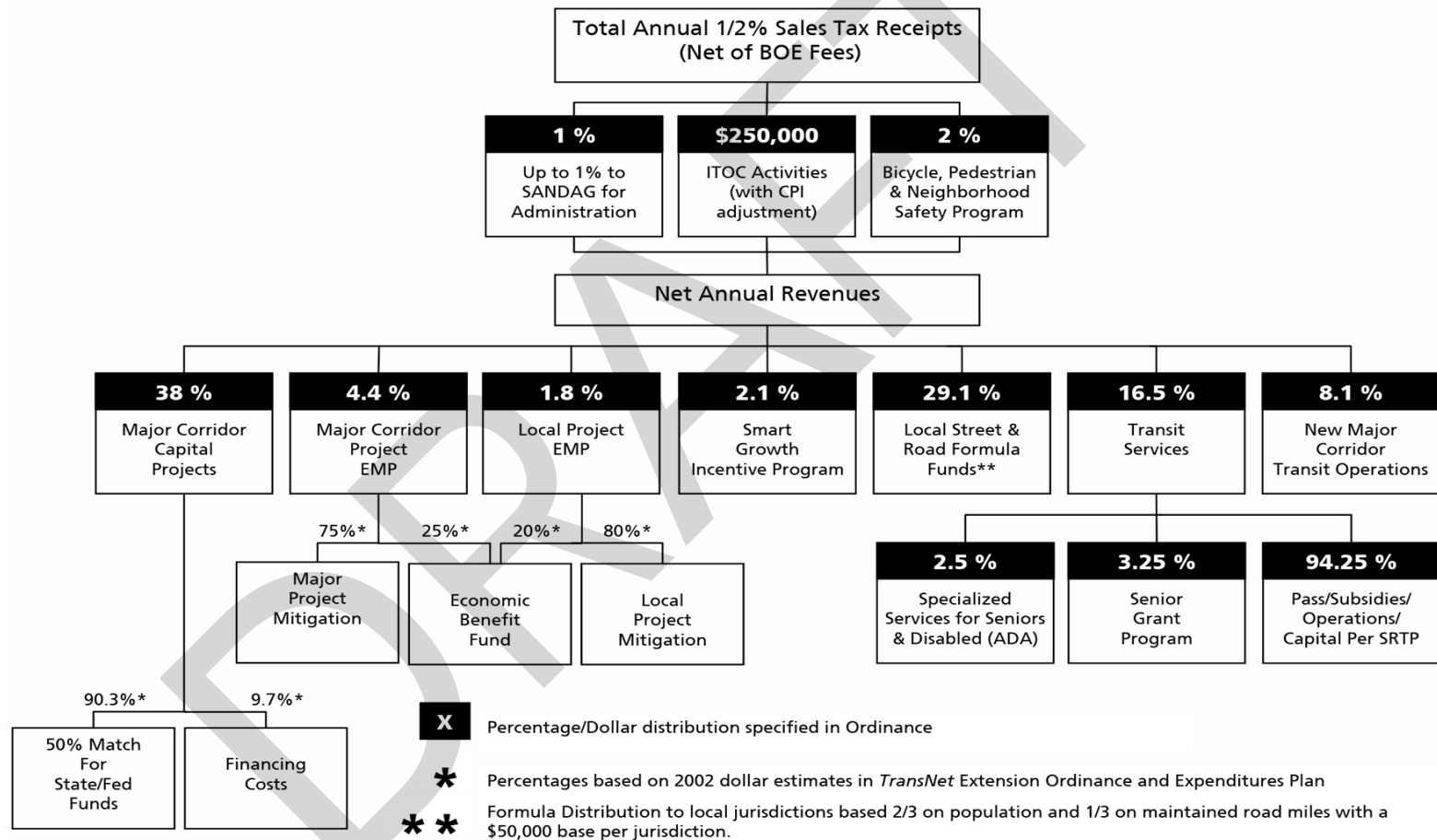
The Expenditure Plan

The 1987 Ordinance and the 2004 Sales Tax Extension Ordinance each outline a series of projects (together, the “Expenditure Plan”) to be completed during the term of the Sales Tax. The Expenditure Plan may be found at:

https://www.sandag.org/uploads/publicationid/publicationid_1283_6596.pdf.

The Expenditure Plan is not incorporated herein by reference. The Ordinance specifies that Sales Tax Revenues are to be applied according to the following diagram.

[Remainder of page intentionally left blank.]



To implement the Expenditure Plan, the Commission annually prepares finance plan updates (each, a “*TransNet* Plan of Finance”) that describe major program revenue, cost and project budget and schedule assumptions. Each *TransNet* Plan of Finance sets forth projected cash flow and borrowing requirements during the term of the program covered by such plan.

The *TransNet* Early Action Program (depicted in the map entitled “*TransNet* Early Action Program at the front of this Official Statement) includes various highway and transit improvements in the Interstates 5, 15, 805 corridors; State Route 52 and 76 corridors; implementation of the Mid-Coast Light Rail Project; trolley vehicle and station upgrades along the Blue and Orange Lines; and double tracking improvements in the coastal rail corridor to be financed by the proceeds of Bonds, Sales Tax Revenues, and eligible federal, state, and local revenues.

In response to changing conditions, the *TransNet* Plan of Finance is updated on an annual basis. The update includes the latest project cost estimates, actual revenues received, and estimated revenue projections. The update allows the Commission to assess the strength of the program and appropriate changes to the implementation of the Project. In response to economic conditions during which costs have decreased while sales tax collections have increased, the Board has accelerated projects to take advantage of a construction bid environment offering bids significantly below engineering estimates. During periods when costs were rising faster than revenues, the Commission has deferred the implementation of certain projects to allow the *TransNet* Plan of Finance to remain focused on the highest priority projects.

The SANDAG Board of Directors was presented with a *TransNet* Program Update at its February 22, 2019 meeting, continuing the implementation of major transportation projects in the region.

As a guiding principle, the Commission’s primary borrowing is focused on capital programs: (1) Major Corridor Capital Projects; (2) Major Corridor Environmental Mitigation Program (“EMP”); and (3) Local Project EMP. The remaining Sales Tax Revenues are allocated to current expenses for the remaining programs. From time to time, at the request of member agencies (local jurisdictions), the Commission may borrow for local street and road capital improvements, with the debt service for these improvements paid from each respective agency’s share of Local Street & Road Formula Funds.

Future Financings

The Commission manages the implementation of its capital program based on project readiness and the availability of federal and State funds, and may advance or slow down the delivery of projects in response to current conditions. No assurance can be given regarding the amount of additional Bonds and Subordinate Obligations that may be issued by the Commission in the future, subject to the limitations of the Indenture and the Subordinate Indenture, respectively. In March 2021, the Commission expects to issue \$_____ of additional Senior Bonds and \$_____ of Subordinate Bonds.

The Commission currently expects to issue an aggregate amount of additional Senior Bonds in the range of \$___ to \$___ million through calendar year 2025.

The Commission is also authorized to issue up to \$100,000,000 in the aggregate principal amount of Subordinate Commercial Paper Notes. See “OUTSTANDING OBLIGATIONS – Subordinate Commercial Paper Notes and CP Letter of Credit.” Commission staff plans to recommend that the Commission increase the authorization of Subordinate Commercial Paper Notes to a maximum of \$200,000,000.

* Preliminary, subject to change.

Executive Staff

The SANDAG staff serves as staff to the Commission. Key staff members, the position held by each and a brief statement of the background of each staff member are set forth below.

Hasan Ikhata, Executive Director. Hasan Ikhata is the Executive Director of SANDAG appointed to such position in December 2018. Mr. Ikhata has more than 30 years of experience in the arena of Transportation Planning in the Southern California Region, in both the public and private sector. As Executive Director of SANDAG, Mr. Ikhata directs day-to-day operations of the agency and implements policies set by its governing board. In addition, he is the Executive Officer of the SANDAG Service Bureau, the nonprofit public benefit corporation chartered by SANDAG. Mr. Ikhata holds a Bachelor's and a Master's Degree in Civil and Industrial Engineering from Zaporozhye University in the former Soviet Union, a Master's Degree in Civil Engineering from UCLA, and a PhD Candidacy in Urban Planning and Transportation from the University of Southern California in Los Angeles. Mr. Ikhata is an adjunct professor in the business school at California State University, Northridge. Prior to joining SANDAG in 2018, Mr. Ikhata worked for the Southern California Association of Governments (SCAG), Los Angeles County Metropolitan Transportation Authority (MTA) and South Coast Air Quality Management District (SCAQMD).

John F. Kirk, General Counsel. Mr. Kirk was appointed General Counsel for SANDAG and the Commission in January 2012. Mr. Kirk was originally hired by SANDAG as Deputy General Counsel in June 2006. Between 1990 and 2006 Mr. Kirk served the City of San Diego as a Deputy City Attorney. Mr. Kirk holds a Bachelors' degree from Wabash College and a Juris Doctorate from Pepperdine University's School of Law.

André Douzjian, Director of Finance. Mr. Douzjian serves as SANDAG's Director of Finance and directs all financial and budgeting functions for SANDAG and the Commission. Mr. Douzjian returned to SANDAG in June of 2012. During the previous 12 years, Mr. Douzjian worked in the capacity of Chief Financial Officer for two privately-held staffing companies, where he was a co-founder and shareholder of those businesses. Prior to that, Mr. Douzjian was the Financial Services Manager at SANDAG, a position that he held for almost ten years, from 1991 to 2000. Prior to his employment at SANDAG, Mr. Douzjian was a Senior Accountant for KPMG, LLP, a certified accounting firm. Mr. Douzjian received a Bachelor of Business Administration (B.A.) degree in Accounting in 1988 from the University of San Diego and a Master's degree in Business Administration (M.B.A.) with an emphasis in Finance in 1996 from San Diego State University and is a Certified Public Accountant. Mr. Douzjian is a member of the Government Finance Officers Association.

Ray Traynor, Chief Strategy and Innovation Officer. Mr. Traynor's responsibilities include regional planning, transportation modeling, mobility management and innovation. Prior to joining SANDAG in 2012, Ray served as Vice President General Manager of Axiom xCell, a software development company, where he managed all aspects of the business. Prior to joining Axiom xCell, Mr. Traynor served as SANDAG's Manager of Mobility which included overseeing the agency's toll operations; demand management and intelligent transportation systems programs. Prior to his experience at SANDAG, Ray was a Product Manager at Novatel Wireless (now Inseego Corp.), a global provider of solutions for the Internet of Things and fleet telematics markets; in this role Ray managed the development of wireless data modems. Earlier in his career, Ray worked at Caltrans where he served as Project Manager and was responsible for the delivery of the region's Border Capital Program, which included leading the development of State Route 7 and State Route 905. Mr. Traynor holds a Master's degree in Business Administration from San Diego State University, and a Bachelor's degree in Landscape Architecture from Cal Poly San Luis Obispo.

Jim Linthicum, *Chief Capital Programs and Regional Services Officer*. Mr. Linthicum is responsible for the implementation of SANDAG's \$9 billion capital improvement program and the management of regional services such as toll operations on I-15 and SR-125, regional transportation demand management services such as carpool/vanpool programs and freeway service patrol, and the region's Automated Regional Justice Information System (ARGIS). Mr. Linthicum has over 40 years' experience delivering transportation programs and projects. Prior to joining SANDAG, Mr. Linthicum was employed by the San Diego Metropolitan Transit System and the California Department of Transportation for 24 years. Mr. Linthicum holds a B.S. degree in Civil Engineering from the Pennsylvania State University and successfully completed the Engineering and Management program at the University of California Los Angeles.

Ray Major, *Chief Data Analytics Officer and Chief Economist*. Mr. Major originally joined SANDAG in 1987 as a Research Analyst and economist responsible for SANDAG's econometric and economic impact models, custom analytic research projects, and for developing the San Diego region's comprehensive Economic Prosperity Strategy. He left SANDAG in 1994 and joined the Nielsen companies where he served as a senior executive holding numerous positions including Chief Marketing Officer, Chief Customer Officer, and product strategist. Mr. Major oversaw the product development of Claritas, a major provider of demographic and segmentation data. As General Manager of Integras, he ran the division of Claritas specializing in Business Intelligence (BI) and predictive analytics, geo-spatial and economic modeling services. In 2010, Mr. Major moved to Halo BI, a state-of-the-art business intelligence and predictive modeling software and service provider where he served as CMO, COO, and CEO. Mr. Major rejoined SANDAG in 2015 where he now serves as the Chief Economist. Mr. Major holds both graduate and undergraduate degrees in economics from San Diego State University, with an emphasis in developmental economics, and econometrics.

José Nuncio, *TransNet Director*. Mr. Nuncio manages and directs the operations of the SANDAG TransNet Department and is responsible for the programming of federal, state, local and TransNet funds, revenue forecasts for the agency's long-range transportation plans, internal and external accountability and communication through the TransNet Dashboard and staffing for the Independent Taxpayer Oversight Committee. Mr. Nuncio joined SANDAG in April 2002 after spending more than 10 years with the California Department of Transportation at its San Diego District Office where he gained experience in the areas of programming, project management and development, and international border affairs. Mr. Nuncio received a Bachelor of Science (B.S.) in Aerospace Engineering from the University of Michigan in 1989 and a Master of Science (M.S.) in Structural Engineering in 1991 from the University of California at San Diego. Mr. Nuncio has been a Registered Civil Engineer in the State of California since 1995.

THE SALES TAX

Authorization, Application and Collection of the Sales Tax

The Commission is authorized by the Act to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County in accordance with California's Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251 et seq.), upon authorization by a majority of the electors voting on the issue. On November 3, 1987, the voters approved the 1987 Ordinance which imposed the Sales Tax in the County for a twenty-year period. On November 2, 2004, more than two-thirds of the voters approved the Sales Tax Extension Ordinance which, among other things, extended the collection of the tax to March 31, 2048. The Ordinance imposes the Sales Tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and upon the storage, use or other consumption in the County of such property purchased from any retailer for storage use or other consumption in the County, subject to certain limited exceptions described below.

Collection of the Sales Tax is administered by the CDTFA, as successor to the BOE for this purpose. The CDTFA, after deducting a fee for administering the Sales Tax, remits the remaining Sales Tax Revenues to the Trustee which are then applied to satisfy the Commission's obligations with respect to the Bonds and Parity Obligations. The remaining Sales Tax Revenues are then remitted to the Trustee for the Commission's Subordinate Obligations, including the 2018 Short-Term Notes and the Subordinate Commercial Paper Notes. After payment of debt service requirements on the Subordinate Obligations, any remaining unapplied Sales Tax Revenues are then remitted to the Trustee for payment of certain fees and expenses and the Junior Subordinate TIFIA Loan and thereafter to the Commission. The fee charged by the CDTFA is determined by the CDTFA pursuant to statute. The fee charged by the CDTFA to the Commission for collection of the Sales Tax for Fiscal Year 2019-20 was \$3,119,030. The fee that the CDTFA is authorized to charge for collection of the Sales Tax is determined by State legislation and may be increased or decreased by legislative action. There can be no assurances that the amount of this fee or the method for determining the amount of the fee will remain the same. The CDTFA collects and subsequently distributes sales and use tax revenues to sales taxing jurisdictions such as the Commission. The CDTFA disburses sales taxes three times a quarter. For a given quarter the first two monthly payments correspond to an estimated advance plus the current distributions processed during the month. The third monthly payment then trues-up the total quarterly allocation against payments disbursed in the prior two months, net of administrative fees. The methodology for calculating the estimated advances has been recently improved to more closely track actual tax receipts and to accelerate the allocations to sales taxing jurisdictions such as the Commission. The methodology includes 2 steps. First, the CDTFA calculates the share of a jurisdiction's total allocation for in the same quarter of the prior year. Second, this share is applied to the total prepayment collected in the current month.

The Sales Tax is imposed in addition to a 7.25 percent sales and use tax levied statewide by the State and local sales tax measures enacted by cities, as described below under “– Other Sales Taxes Imposed in the County.” In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State, subject to certain exceptions.

Many categories of transactions are exempt from the Statewide sales and use tax and from the Sales Tax. The most important are: sales of food products for home consumption; prescription medicine; edible livestock and their feed; seed and fertilizer used in raising food for human consumption; and gas, electricity and water when delivered to consumers through mains, lines, and pipes. In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt from the statewide sales and use tax and from the Sales Tax. Action by the State legislature or by voter initiative could change the transactions and items upon which the Statewide sales and use tax and the Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The Commission is not currently aware of any proposed legislative change, which would have a material adverse effect on Sales Tax Revenues. See also “RISK FACTORS – Proposition 218.”

Historical Sales Tax Revenues

Annual Sales Tax Revenues. The Commission began receiving distributions of the Sales Tax from the BOE in June 1988. The CDTFA now handles most of the taxes and fees previously collected by the BOE. The following table shows the Sales Tax remitted to the Commission during the Fiscal Years ended June 30, 1990 through June 30, 2020.

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
HISTORICAL SALES TAX REVENUES**

<u>Fiscal Year Ended June 30</u>	<u>Sales Tax Revenues⁽¹⁾</u>	<u>% Change From Prior Fiscal Year</u>
1990	\$113,758,624	--
1991	109,806,529	(3.5)%
1992	106,105,958	(3.4)
1993	111,783,116	5.4
1994	111,461,846	(0.3) ⁽²⁾
1995	114,303,387	2.5
1996	123,511,934	8.1
1997	131,592,528	6.5
1998	145,754,155	10.8
1999	156,909,677	7.7
2000	172,274,619	9.8
2001	189,795,888	10.2
2002	192,836,199	1.6
2003	200,600,386	4.0
2004	213,230,634	6.3
2005	228,562,785	7.2
2006	243,317,789	6.5
2007	247,924,304	1.9
2008	244,406,219	(1.4)
2009	221,991,360	(9.2)
2010	204,191,747	(8.0)
2011	221,304,014	8.4
2012	236,947,113	7.1
2013	247,221,162	4.3
2014	260,114,931	5.2
2015	268,840,549	3.4
2016	275,500,023	2.5
2017	284,456,260	3.3
2018	294,501,324	3.5
2019	312,303,669	6.0 ⁽³⁾
2020	305,851,214	(2.1)

⁽¹⁾ Cash basis, net of BOE/CDTFA administrative fee.

⁽²⁾ Reflects, in part, effect of increase in BOE administration fee in 1994.

⁽³⁾ In May 2018, CDTFA implemented a new automated system for processing, reporting, and distributing sales tax revenues to agencies throughout the State. As a result, several thousand tax returns were not processed in a timely manner. Approximately \$7 million of Fiscal Year 2018 revenue was recorded in Fiscal Year 2019. Assuming the \$7 million figure was properly accounted for in Fiscal Year 2018, annual sales tax revenues would have been \$301.5 million for Fiscal Year 2018 and \$305.3 million in Fiscal Year 2019.

Source: San Diego County Regional Transportation Commission.

On April 3, 2020, the CDTFA announced a program that allows all businesses with less than \$5 million in annual taxable sales the ability to defer payment on up to \$50,000 in sales and use tax liability without incurring any penalties or interest. Under the program, qualifying businesses can enter into payment plans to distribute up to \$50,000 of sales tax liability over a 12-month period, interest-free. For

taxpayers choosing to defer their 1st quarter 2020 liability, for example, up to \$50,000 of the obligation would now be paid in twelve equal monthly installments. The first payment was due on July 31, 2020. See “RISK FACTORS – COVID-19 Pandemic.”

Monthly Sales Tax Revenues. The following table presents Sales Tax Revenues remitted each month by CDTFA for the account of the Commission in the Fiscal Years ended June 30, 2019 and 2020 and ending June 30, 2021.

MONTHLY SALES TAX DISBURSEMENTS
(FISCAL YEARS ENDED JUNE 30, 2019 AND 2020 AND ENDING JUNE 30, 2021)

Month	Fiscal Year Ended June 30, 2019 ⁽¹⁾⁽³⁾	Fiscal Year Ended June 30, 2020 ⁽¹⁾⁽²⁾	Year Over Year % Change (2020 v. 2019)	Fiscal Year Ended June 30, 2021 ⁽¹⁾⁽²⁾	Year Over Year % Change (2021 v. 2020)
July	\$ 24,659,716	\$ 29,354,890	19.0%	\$30,054,981	2.4%
August	22,950,125	23,334,037	1.7	23,241,853	0.4
September	24,709,504	26,713,941	8.1	28,184,070	5.5
October	31,809,475	30,751,885	(3.3)	33,250,387	8.1
November	27,896,830	25,441,663	(8.8)	21,727,813	(14.6)
December	27,056,790	25,442,731	(6.0)	27,118,087	6.6
January	26,345,902	25,559,448	(3.0)	27,774,372	8.7
February	27,031,941	37,094,485	37.2	-	-
March	26,003,652	22,984,289	(11.6)	-	-
April	26,170,697	22,498,364	(14.0)	-	-
May	22,874,423	15,411,299	(32.6)	-	-
June	24,794,614	21,264,183	(14.2)	-	-
Totals	\$312,303,669	\$305,851,214	(2.1%)	-	-

(1) Unaudited; cash basis; net of CDTFA administrative fee.

(2) See “RISK FACTORS – COVID-19 Pandemic.”

(3) In May 2018, CDTFA implemented a new automated system for processing, reporting, and distributing sales tax revenues to agencies throughout the State. As a result, several thousand tax returns were not processed in a timely manner. Approximately \$7 million of Fiscal Year 2018 revenue was recorded in Fiscal Year 2019, and so the growth forecast going forward will be calculated on a base of \$305.3 million, as opposed to the \$312.3 million collected.

Recent Developments Regarding Sales Tax Collection

In June 2018, the United States Supreme Court published its decision in *South Dakota v. Wayfair* (the “Wayfair Decision”), in which the Supreme Court held that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have physical nexus in a state in order for the seller to be liable for the collection of that state’s sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state.

The State of California has issued guidance in response to the Wayfair Decision. Under such guidance, retailers located outside of the State are required to register with the CDTFA, collect the California use tax, and pay the tax to the CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state. The new collection requirements apply to retailers if

during the preceding or current calendar year certain sales thresholds are met. The new collection requirements started to apply to taxable sales of tangible personal property to California consumers on and after April 1, 2019, and were not retroactive. Additionally, the State's passage of Assembly Bill 147, signed by the Governor on April 25, 2019, provides the implementation rules for the Wayfair Decision in California. The Commission is unable to predict the ultimate benefit that the Wayfair Decision may have on Sales Tax Revenues. Among the Commission's top Sales Tax generators, however, are companies that conduct sales only through the internet.

Other Sales Taxes Imposed in the County

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the 7.25 percent sales and use tax levied statewide by the State. The State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. See "RISK FACTORS – Other Sales Taxes."

In addition to the statewide sales and use tax and the Sales Tax, the following sales and use taxes are imposed in certain cities within the County. No portion of the statewide sales and use tax or the following taxes imposed in certain cities within the County are pledged to the repayment of the 2021 Short-Term Notes.

<u>Sales and Use Tax</u>	<u>Tax Rate</u>	<u>Effective Date</u>	<u>Termination Date</u>
City of Chula Vista	0.50%	04/01/17	03/31/26
City of Chula Vista	0.50	10/01/18	Upon Repeal
City of Del Mar	1.00	04/01/17	Ongoing
City of El Cajon Service Preservation Transactions and Use Tax	0.50	04/01/17	03/31/29
City of La Mesa Transactions and Use Tax	0.75	04/01/09	03/31/29
City of National City Transactions and Use Tax	1.00	10/01/06	09/30/16
City of Oceanside	0.50	04/01/19	03/31/26
City of Vista Transactions and Use Tax	0.50	04/01/07	03/31/37

Source: *California City and County Sales and Use Tax Rates* (October 1, 2020), CDTFA.

For information concerning historical taxable sales in the County, see the table entitled "County of San Diego, Taxable Sales Transactions" in APPENDIX A – "INFORMATION REGARDING THE COUNTY OF SAN DIEGO."

COMMISSION INVESTMENT PORTFOLIO

Funds of the Commission are invested pursuant to an investment policy adopted by the Commission Board, which permits the Commission to invest in some (but not all) of the types of securities authorized by State law for the investment of funds of local agencies. The securities in which the Commission currently is authorized to invest include United States treasury notes, bonds and bills, bonds, notes, bills, warrants and obligations issued by certain agencies of the United States, bankers acceptances, commercial paper of prime quality, certificates of deposit, medium term corporate notes, shares of beneficial interest issued by a California joint powers authority, the State's local agency investment fund, the San Diego County local agency investment fund, collateralized repurchase agreements, and other securities authorized under State law as appropriate for public fund investments and not specifically prohibited by the investment policy. The investment policy (which is subject to

change in the future) does not allow investment in reverse repurchase agreements, mortgage interest strips, inverse floaters or securities lending or any investment that fails to meet the credit or portfolio limits of the investment policy at the time of investment.

Funds held by the Trustee under the Indenture are invested in Investment Securities (as defined in APPENDIX C-1) by the Trustee in accordance with instructions from the Commission. The instructions from the Commission currently restrict those investments to investments permitted by the investment policy adopted by the Commission Board described above (except that the Trustee is permitted to invest a greater percentage of funds in specific securities than the investment policy would otherwise permit).

The value of the various investments in the portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Further, such values may vary based on credit quality, ratings, or other factors. Therefore, there can be no assurance that the values of the various investments in the portfolio will not vary significantly from the values described below. Further, the values specified in the following tables were based upon estimates of market values provided to the Commission by a third party as of June 30, 2020. Accordingly, there can be no assurance that if these securities had been sold on June 30, 2020, the portfolio would have received the values specified. In addition, under certain provisions of the Indenture, funds and accounts held under the Indenture must be invested in certain specified Investment Securities that include investment agreements and other investments not described above.

INVESTMENT PORTFOLIO INFORMATION **As of June 30, 2020**

Investments	Par Value	Market Value
Cash and Cash Equivalents	N/A	\$ 661,703,991.24
United States Agencies	\$190,551,000.00	195,478,001.48
Corporate Medium Term Notes	68,280,000.00	71,531,263.60
Supra-National Agency Bond/Note	24,675,000.00	24,879,834.40
Certificates of Deposit	6,405,000.00	6,431,653.76
Asset-Backed Securities	5,705,243.59	5,786,654.37
Certificates of Participation	<u>23,050,000.00</u>	<u>23,050,000.00</u>
TOTAL	<u>\$318,666,243.59</u>	<u>\$988,861,398.85</u>

Source: The Commission.

RISK FACTORS

Availability of Funds to Pay the 2021 Short-Term Notes

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Lien Bonds, or Notes or other Parity Debt under the Senior Indenture or the Subordinate Indenture, as applicable, or to otherwise obtain financing to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. No assurance can be given that the Commission will satisfy all conditions to disbursement under the TIFIA Loan Agreement, or that the TIFIA Lender will honor a properly presented disbursement request under the TIFIA Loan Agreement. In addition, if the Commission is unable to obtain proceeds of

the Junior Subordinate TIFIA Loan, no assurances can be given that capital markets access will be available for the Commission to issue Senior Bonds under the Senior Indenture, or Notes or other Parity Debt under the Subordinate Indenture, to repay the principal of the 2021 Short-Term Notes on October 1, 2022.

U.S. Economic Recession; Economy of the County and the State

The 2021 Short-Term Notes are secured by a subordinate pledge of Revenues, including Sales Tax Revenues, which consist of the Sales Tax less an administrative fee paid to the CDTFA. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the County, which level of retail sales is, in turn, dependent upon the level of economic activity in the County and in the State generally.

On June 8, 2020, the National Bureau of Economic Research (“NBER”) declared that a recession in the United States commenced in February 2020. Reportedly, this was the fastest that NBER has declared any recession since the group began formal announcements in 1979. In announcing the recession, NBER said “[T]he unprecedented magnitude of the decline in employment and production, and its broad reach across the entire economy, warrants the designation of this episode as a recession . . .”

According to the Commissions economic staff, the COVID-19 related recession resulted in a sharp increase in unemployment in the County that is estimated to have peaked at 25% in early May 2020 and is currently hovering around 8%. Job losses have been concentrated in high contact sectors such as tourism, retail and education, which are estimated to account for 80% of the job losses in the region. Traditional sectors like professional services, construction, finance, have fared much better than in past recessions, while military has proven an essential buffer to the unemployment numbers in the County.

The Commission is unable to predict the duration or severity of the current economic recession. The recession may have a material adverse effect on the Commission’s collection of Sales Tax Revenues, which may adversely affect the ability of the Commission to pay principal of and interest on the 2021 Short-Term Notes. For information relating to economic conditions within the County and the State, see APPENDIX A – “INFORMATION REGARDING THE COUNTY OF SAN DIEGO.”

COVID-19 Pandemic

The Pandemic is currently affecting many parts of the world, including the United States and California. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, and then President Trump declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

At the onset of the pandemic in March 2020, the County of San Diego announced stay-at-home emergency orders, which directed individuals to stay home, except for limited travel for the conduct of essential services. Most retail establishments (including restaurants, bars and nightclubs, entertainment venues and gyms) were closed and large gatherings were banned in response to the order. The Governor of the State announced a similar emergency order effective for the entire State. Since the initial orders, the State and the County of San Diego have allowed limited reopening of retail establishments, at times under limitations such as only providing outdoor or curbside service, based on local performance against public health indicators. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread closings of businesses, universities and schools throughout the United States. On June 8,

2020, the National Bureau of Economic Research announced that the U.S. officially entered into a recession in February 2020. As of early December 2020, due to a sharp increase in COVID-19 cases and ICU hospitalizations, the State of California issued a new Regional Stay Home Order, which affected numerous counties in California including the County of San Diego.

As of [February 1, 2021], there have been over [217,000] confirmed cases of COVID-19 in the San Diego County, and officials expect the number of confirmed cases to continue to grow. Although the administration of several highly effective vaccines has begun across the United States, including California, the Commission cannot predict the speed with which vaccinations can occur, as well as any public health and associated economic impacts of subsequent variants and strains of COVID-19.

On March 4, 2020, the Governor of California (the “Governor”) proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State’s police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary.

Since declaring the emergency, the Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include his March 19, 2020 Executive Order N-33-20, which orders all individuals living in the State to stay home or at their place of residence except as needed to maintain continuity of operations of certain critical infrastructure sectors, as described in that order and later designations. In addition to the actions by the state and federal officials, certain local officials have declared a local state of emergency and have issued “shelter-in-place” orders. Many of these federal, state and local actions are focused on “social distancing,” or limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and impacts enterprise operations and the economy.

The Governor issued Executive Orders N-29-20 and N-35-20 relaxing state and local agency open meeting laws to accommodate social distancing. The Commission expects to hold meetings of its Board of Directors unhindered by the Pandemic. As permitted under Executive Order N-33-20, certain of the Commission’s employees may continue to come to work under designated exceptions for critical sectors and some of the Commission’s employees are teleworking.

The Pandemic has negatively affected travel, commerce, investment values, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the County. While federal and state governments (including California) have enacted legislation and taken executive actions seeking to mitigate the negative public health and economic impacts of the Pandemic, the Commission offers no assurances that these interventions will have the intended effects.

These negative economic impacts may reduce or otherwise negatively affect Sales Tax Revenues. The consequences of the Pandemic are expected to continue to reduce economic activity within the County that generates Sales Tax Revenues. The Commission cannot accurately predict the magnitude of this impact on Sales Tax Revenues, but the impacts could be material and adverse.

On March 12, 2020, the Governor issued Executive Order N-25-20, requiring CDTFA, which administers sales and use taxes in the State, to use its administrative powers where appropriate to provide extensions for filing, payment, audits, billing, notices, assessments, claims for refund, and relief from subsequent penalties and interest to individuals and businesses impacted by complying with a state or local public health official’s imposition or recommendation of social distancing measures related to COVID-19. On March 30, 2020, the Governor issued Executive Order N-40-20, which provided a three-month extension for tax returns and tax payments for all businesses filing a return for less than

\$1,000,000 in taxes. Such extension remains effective through the reporting of taxes or fees due or the payment of taxes that are due on or before July 31, 2020. That order also extends the statute of limitations to file a claim for refund for taxes and fees administered by CDTFA and it extends the timeframe to file for appeal with CDTFA. On April 3, 2020, the Governor issued an Executive Order that allows all businesses with less than \$5 million in annual taxable sales the ability to defer payment on up to \$50,000 in sales and use tax liability without incurring any penalties or interest. Under the program, qualifying businesses can enter into payment plans to distribute up to \$50,000 of sales tax liability over a 12-month period, interest-free. For taxpayers choosing to defer their 1st quarter 2020 liability, for example, up to \$50,000 of the obligation would now be paid in twelve equal monthly installments. The first payment was not due until July 31, 2020.

The Commission continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the Commission. While the overall potential impact of the Pandemic on the Commission and Sales Tax Revenues cannot be quantified at this time, the adverse impact on Sales Tax Revenues could be material.

Legislative Changes

Action by the State legislature or by voter initiative could change the transactions and items upon which the Sales Tax is imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The State Legislature from time to time may adopt legislation that impacts the collection or the distribution of sales taxes or that otherwise may impact the operations or finances of the Commission. The Commission cannot predict whether any such legislation will negatively impact Sales Tax Revenues. The Commission is not currently aware of any proposed legislative change, which would have a material adverse effect on Sales Tax Revenues.

Other Sales Taxes

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the 7.25% sales and use tax levied statewide by the State. The State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. In addition, the Sales Tax is imposed generally on the same transactions and items subject to sales and use taxes levied by certain cities within the County. See “THE SALES TAX – Other Sales Taxes Imposed in the County.”

Acceleration of Liquidity Facility Bonds

The amortization period applicable to the Liquidity Facility Bonds may be accelerated under certain circumstances. “Liquidity Facility Bonds” are Series 2008 Senior Lien Bonds tendered for purchase and not successfully remarketed, that are then purchased by a Liquidity Provider pursuant to the applicable 2008 Liquidity Facility. Such Liquidity Provider purchases may occur as a result of, among other things, adverse market conditions leading to failed remarketings or the Commission’s inability to obtain replacement credit or liquidity arrangements upon the expiration or termination of the existing 2008 Liquidity Facilities. See “OUTSTANDING OBLIGATIONS – Liquidity Facilities.” The Commission’s obligation to reimburse the Liquidity Providers on account of their purchase of any of the Series 2008 Bonds may, under specified circumstances, be paid over a period of five years or, if earlier, by no later than the last day of the purchase period, and may, under certain circumstances, become immediately due and payable on the one hundred eightieth (180th) day following the date on which any Series 2008 Senior Lien Bond became a Liquidity Facility Bond. Liquidity Facility Bonds are payable on a parity with the Senior Lien Bonds.

Variable Rate Bonds

The Series 2008 Bonds are variable rate bonds. The calculation of interest on the Series 2008 Bonds is set weekly. Potential fluctuations in interest rates could result in higher net interest rates on the Series 2008 Bonds. The Series 2008 Bonds are subject to tender provisions and remarketing by the remarketing agents for such Series 2008 Bonds. Upon a failure to remarket the Series 2008 Bonds, the Series 2008 Bonds will be purchased pursuant to the 2008 Liquidity Facilities, in which event the Series 2008 Bonds could bear interest at materially higher interest rates. Furthermore, in the event of early termination of the Initial Swaps, the Commission would no longer receive the variable rate payments from the counterparties thereunder and the Commission may be liable for substantial termination fees which, though subordinate to the 2021 Short-Term Notes, could have a material adverse effect on the Commission.

Loss of Subsidy Payments

The 2010 Series A Bonds were issued as “Build America Bonds.” The amount of any Subsidy Payments are subject to legislative changes by the United States Congress. On March 1, 2013, the federal government announced the implementation of certain automatic spending cuts known as “sequestration.” Future reductions in Subsidy Payments may occur due to the sequester, but the Commission is unable to predict the amount or duration of such reductions. Further, Subsidy Payments will only be paid if the 2010 Series A Bonds continue to qualify as Build America Bonds. For the 2010 Series A Bonds to remain Build America Bonds, the Commission must comply with certain covenants with respect to the 2010 Series A Bonds, the use and investment of proceeds thereof and the use of property financed thereby. Thus, it is possible that the Commission may not receive the Subsidy Payments. Subsidy Payments are also subject to offset against amounts that may, for unrelated reasons, be owed by the Commission to any agency of the United States of America. The Commission does not believe that failure to receive all or a portion of the Subsidy Payments or any offset to the Subsidy Payments will materially and adversely impact the Commission’s ability to pay interest on the 2010 Series A Bonds. The failure to receive all or any portion of the Subsidy Payment does not affect the Commission’s obligation to pay debt service on the 2010 Series A Bonds.

Availability of Funds to Pay the 2021 Short-Term Notes

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Bonds, or Notes or other Parity Debt under the Senior Indenture or the Subordinate Indenture, as applicable, or to otherwise obtain financing to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. No assurance can be given that the Commission will satisfy all conditions to disbursement under the TIFIA Loan Agreement, or that the TIFIA Lender will honor a properly presented disbursement request under the TIFIA Loan Agreement. Moreover, in the event of a federal government shutdown of non-essential discretionary functions the TIFIA Lender would not be obligated to disburse funds under the TIFIA Loan Agreement. In addition, if the Commission is unable to obtain proceeds of the Junior Subordinate TIFIA Loan, no assurances can be given that capital markets access will be available for the Commission to issue Senior Bonds under the Senior Indenture, or Notes or other Parity Debt under the Subordinate Indenture, to repay the principal of the 2021 Short-Term Notes on October 1, 2022.

Loss of Tax Exemption

As discussed under “TAX MATTERS,” interest on the 2021 Short-Term Notes could become includable in federal gross income, possibly from their date of issuance, including as a result of acts or omissions of the Commission subsequent to the issuance of the 2021 Short-Term Notes. Should interest become includable in federal gross income, the 2021 Short-Term Notes are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

Bankruptcy Considerations

The Commission may be authorized to file for Chapter 9 municipal bankruptcy under certain circumstances. Should the Commission file for bankruptcy, there could be adverse effects on the holders of the 2021 Short-Term Notes.

If the Sales Tax Revenues are “special revenues” under the Bankruptcy Code, then Sales Tax Revenues collected after the date of the bankruptcy filing should be subject to the lien of the Indenture. “Special revenues” are defined to include taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity. The Sales Tax was levied to finance the projects described in the San Diego County Transportation Improvement Program *TransNet* Ordinance and Expenditure Plan (under this caption, the “Projects”), and some of these Projects are described in broad terms. In addition, the Projects are not owned by the Commission. No assurance can be given that a court would not hold that the Sales Tax Revenues are not special revenues. Were the Sales Tax Revenues determined not to be “special revenues,” then Sales Tax Revenues collected after the commencement of a bankruptcy case would likely not be subject to the lien of the Indenture. The holders of the 2021 Short-Term Notes may not be able to assert a claim against any property of the Commission other than the Sales Tax Revenues, and were these amounts no longer subject to the lien of the Indenture following commencement of a bankruptcy case, then there could thereafter be no amounts from which the holders of the 2021 Short-Term Notes are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system from which the special revenues are derived, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. The law is not clear as to whether, or to what extent, Sales Tax Revenues would be considered to be “derived” from the Projects. To the extent that Sales Tax Revenues are determined to be both special revenues and derived from the Projects, the Commission may be able to use Sales Tax Revenues to pay necessary operating expenses connected with the Projects, before the remaining Sales Tax Revenues are turned over to the Trustee to pay amounts owed to the holders of the 2021 Short-Term Notes. It is not clear precisely which expenses would constitute necessary operating expenses.

If the Commission is in bankruptcy, the parties (including the holders of the 2021 Short-Term Notes) may be prohibited from taking any action to collect any amount from the Commission or to enforce any obligation of the Commission, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the 2021 Short-Term Notes from funds in the Trustee’s possession. The procedure pursuant to which Sales Tax Revenues are paid directly by the CDTFA to the Trustee may no longer be enforceable, and the Commission may be able to require the CDTFA to pay Sales Tax Revenues directly to the Commission.

The Commission as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause some Sales Tax Revenues to be released to it, free and clear of

lien of the Indenture, in each case provided that the bankruptcy court determines that the rights of the Trustee and the holders of the 2021 Short-Term Notes will be adequately protected. The Commission may also be able, without the consent and over the objection of the Trustee and the holders of the 2021 Short-Term Notes, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the 2021 Short-Term Notes, provided that the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the 2021 Short-Term Notes while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Commission that could result in delays or reductions in payments on the 2021 Short-Term Notes, or result in losses to the holders of the 2021 Short-Term Notes. Regardless of any specific adverse determinations in a Commission bankruptcy proceeding, the fact of a Commission bankruptcy proceeding could have an adverse effect on the liquidity and value of the 2021 Short-Term Notes.

Proposition 218

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”). Proposition 218 added Articles XIII C and XIII D to the California Constitution. Article XIII C requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Commission. In 2004, the Sales Tax Extension Ordinance received the approval of more than 2/3 of the voters as required by Article XIII C. However, Article XIII C also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Commission, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on the 2021 Short-Term Notes would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of this provision of Proposition 218 will ultimately be determined by the courts.

Further Initiatives

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, which may affect the Commission’s ability to levy and collect the Sales Tax.

Governance and Management – Changes in State Law

SANDAG was created in the 1970s as a Joint Powers Authority made up of various cities in the County of San Diego that desired to voluntarily carry out regional planning activities as a joint enterprise. SANDAG’s governance structure was codified into State Law by State statute in 2002. The State Legislature can alter the governance and structure of SANDAG. On October 11, 2017, Governor Jerry Brown signed into law AB 805 which changed the voting mechanisms of the Board of Directors of SANDAG and provide additional audit requirements. The State Legislature can adopt further statutory changes that could materially impact the composition of the Board of Directors or composition of management, or impose new requirements or standards, any of which could cause material changes for SANDAG policy objectives or how it operates.

Cybersecurity

The Commission, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private or other electronic sensitive information, the Commission is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Commission's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

No assurances can be given that the security and operational control measures of the Commission will be successful in guarding against any and each cyber threat or breach. The cost of remedying damage or disruption caused by cyber-attacks could be substantial and in excess of any applicable insurance coverage.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or, to the best knowledge of the Commission, threatened against the Commission concerning the validity of the 2021 Short-Term Notes. The Commission is not aware of any litigation pending or threatened against the Commission questioning the political existence of the Commission or contesting the Commission's ability to impose and collect the Sales Tax.

TAX MATTERS

Federal Tax Exemption

In the opinion of Norton Rose Fulbright US LLP, San Francisco, California, Bond Counsel to the Commission, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the Commission with certain covenants in the Subordinate Indenture, the Tax Certificate and other documents pertaining to the 2021 Short-Term Notes and requirements of the Internal Revenue Code of 1986 (the "Code") regarding the use, expenditure and investment of proceeds of the 2021 Short-Term Notes and the timely payment of certain investment earnings to the United States, interest on the 2021 Short-Term Notes is not included in the gross income of the owners of the 2021 Short-Term Notes for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the 2021 Short-Term Notes to be included in gross income retroactive to the date of issuance of the 2021 Short-Term Notes.

In the further opinion of Bond Counsel, interest on the 2021 Short-Term Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the 2021 Short-Term Notes should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Subordinate Indenture, the Tax Certificate or other documents pertaining to the 2021 Short-Term Notes may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the 2021 Short-Term Notes or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Norton Rose Fulbright US LLP or in reliance upon the advice of counsel other than Norton Rose Fulbright US LLP with respect to the exclusion from gross income of the interest on the 2021 Short-Term Notes for federal income tax purposes.

Bond Counsel's opinion is not a guarantee of result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and judicial decisions and the representations and covenants of the Commission described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an examination of the 2021 Short-Term Notes is commenced, under current procedures the IRS is likely to treat the Commission as the "taxpayer," and the owners of the 2021 Short-Term Notes would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the interest on the 2021 Short-Term Notes, the Commission may have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the 2021 Short-Term Notes could adversely affect the value and liquidity of the 2021 Short-Term Notes during the pendency of the examination, regardless of its ultimate outcome.

Tax Accounting Treatment of Bond Premium and Original Issue Discount

Bond Premium. To the extent a purchaser acquires a 2021 Short-Term Note at a price in excess of the amount payable at its maturity, such excess will constitute "bond premium" under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation's yield to maturity (or shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner's basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. Bond Counsel is not opining on the accounting for bond premium or the consequence to a 2021 Short-Term Note purchaser of purchasing a 2021 Short-Term Note with bond premium. Persons considering the purchase of 2021 Short-Term Notes with bond premium should consult with their own tax advisors with respect to the determination of bond premium on such 2021 Short-Term Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2021 Short-Term Notes.

Original Issue Discount. The excess, if any, of the stated redemption price at maturity of 2021 Short-Term Notes of a particular maturity over the initial offering price to the public of the 2021 Short-Term Notes of that maturity at which a substantial amount of the 2021 Short-Term Notes of that maturity is sold to the public is "original issue discount." Original issue discount accruing on a 2021 Short-Term Note is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes under the same conditions and limitations as are applicable to interest payable on such 2021 Short-Term Note. Original issue discount on a 2021 Short-Term Note or a particular maturity purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of

the 2021 Short-Term Notes of that maturity is sold to the public accrues on a semiannual basis over the term of the 2021 Short-Term Note on the basis of a constant yield; and within each semiannual period accrues on a ratable daily basis. The amount of original issue discount on a 2021 Short-Term Note accruing during each period is added to the adjusted basis of such 2021 Short-Term Note, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such 2021 Short-Term Note. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase 2021 Short-Term Notes other than at the initial offering price.

Bond Counsel is not opining on the accounting for or consequence to a 2021 Short-Term Note purchaser of bond premium or original issue discount. Accordingly, persons considering the purchase of 2021 Short-Term Notes with bond premium or original issue discount should consult with their own tax advisors with respect to the determination of bond premium or original issue discount on such 2021 Short-Term Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2021 Short-Term Notes.

Information Reporting and Backup Withholding

Interest paid on the 2021 Short-Term Notes will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the 2021 Short-Term Notes to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner’s federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption

In the further opinion of Bond Counsel, interest on the 2021 Short-Term Notes is exempt from personal income taxes imposed by the State of California.

Future Developments

Existing law may change to reduce or eliminate the benefit to owners of the 2021 Short-Term Notes of the exclusion of the interest on the 2021 Short-Term Notes from gross income for federal income tax purposes or of the exemption of interest on the 2021 Short-Term Notes from State of California personal income taxation. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2021 Short-Term Notes. Prospective purchasers of the 2021 Short-Term Notes should consult with their own tax advisors with respect to any proposed or future change in tax law.

A copy of the proposed form of opinion of Bond Counsel relating to the 2021 Short-Term Notes is included in APPENDIX F hereto.

LEGAL MATTERS

The validity of the 2021 Short-Term Notes and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Commission. A complete copy of the proposed form of opinion of Bond Counsel is attached as Appendix F hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Commission by its General Counsel and by Norton Rose Fulbright US LLP, as Disclosure Counsel, and for the Underwriters by their counsel, Nixon Peabody LLP. Compensation paid to Bond Counsel, Disclosure Counsel and Underwriters' Counsel is contingent on the successful issuance of the 2021 Short-Term Notes.

CONTINUING DISCLOSURE

The Commission has agreed to execute a continuing disclosure agreement (the "Continuing Disclosure Agreement"), which provides for disclosure obligations on the part of the Commission while the 2021 Short-Term Notes remain Outstanding. Under the Continuing Disclosure Agreement, the Commission will covenant for the benefit of owners of the 2021 Short-Term Notes to provide certain financial information and operating data relating to the Commission by not later than two hundred and ten (210) days after the end of the prior fiscal year, commencing with the fiscal year ending June 30, 2018 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notice Events") in a timely manner. The Annual Reports and the Notice Events will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. These covenants will be made to assist the Underwriters of the 2021 Short-Term Notes in complying with the Rule 15c2-12, as amended (the "Rule") adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

RATINGS

S&P Global Ratings and Fitch Ratings have assigned ratings on the 2021 Short-Term Notes of "___" and "___," respectively. The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041 and Fitch Ratings, 33 Whitehall Street, New York, New York 10004. Such ratings are not recommendations to buy, sell or hold securities. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the 2021 Short-Term Notes.

UNDERWRITING

Purchase of the 2021 Short-Term Notes

The Commission has entered into a Note Purchase Agreement (the "Purchase Agreement") with respect to the 2021 Short-Term Notes with Citigroup Global Markets Inc., on behalf of itself and as representative of the underwriters named therein and set forth on the cover page hereof (collectively, the "Underwriters"), pursuant to which the Underwriters will agree, subject to certain conditions, to purchase the 2021 Short-Term Notes for reoffering at a price of \$_____, which represents the aggregate principal

amount of the 2021 Short-Term Notes of \$_____, [plus an original issue premium of \$_____,] less an Underwriters' discount of \$_____.

Citigroup Global Markets Inc. is a dealer for the Subordinate Commercial Paper Notes and is an Underwriter of the 2021 Short-Term Notes. Goldman Sachs Mitsui Marine Derivative Products, L.P. is a swap counterparty for one of the Initial Swaps.

The Purchase Agreement provides that the Underwriters will purchase all of the 2021 Short-Term Notes if any are purchased. The 2021 Short-Term Notes may be offered and sold by the Underwriters to certain dealers and others at yields higher than the public offering yields indicated on the inside cover hereof, and such public offering yields may be changed from time to time by the Underwriters. The Underwriters agree to make a public offering of the 2021 Short-Term Notes. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the 2021 Short-Term Notes at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The following two paragraphs have been provided by and are being included in this Official Statement at the request of the Underwriters. The Commission does not assume any responsibility for the accuracy or completeness of such statements or information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Commission, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commission. Certain of the Underwriters or their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such securities and instruments.

Retail Brokerage Arrangements

The following paragraph has been provided by and are being included in this Official Statement at the request of Citigroup Global Markets Inc. The Commission does not assume any responsibility for the accuracy or completeness of such statements or information.

Citigroup Global Markets Inc., an underwriter of the 2021 Short-Term Notes, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

MUNICIPAL ADVISOR

The Commission has retained PFM Financial Advisors LLC, San Francisco, California, as municipal advisor (the “Municipal Advisor”) in connection with the 2021 Short-Term Notes. The Municipal Advisor is an independent registered municipal advisor. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

Financial information relating to the Commission is included in the Commission’s Audited Financial Statements for the Fiscal Year Ended June 30, 2020, which are included as part of Appendix B to this Official Statement. The financial statements of the Commission included in Appendix B have been audited by Crowe LLP, Certified Public Accountants (the “Auditors”), as stated in their report appearing in Appendix B. The Auditors were not requested to consent to the inclusion of their report in Appendix B, nor have they undertaken to update their report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditors with respect to any event subsequent to the date of their report.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Verification Agent, will deliver to the Commission, on or before the date of delivery of the 2021 Short-Term Notes, its verification report indicating that the Verification Agent has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared on behalf of the Commission relating to the sufficiency of the Escrow Deposit and expected investment earnings thereon with respect to the Escrow Fund and relating to the yield on the 2021 Short-Term Notes for federal income tax purposes.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Commission and holders of any of the 2021 Short-Term Notes. All quotations from and summaries and explanations of the Subordinate Indenture, the Act and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: _____
Executive Director

APPENDIX A
INFORMATION REGARDING THE COUNTY OF SAN DIEGO

DRAFT

APPENDIX B

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

DRAFT

[insert appendix C]

DRAFT

[insert appendix D]

DRAFT

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the subcaption “– General” below has been provided by DTC. The Commission makes no representations as to the accuracy or completeness of such information. Further, the Commission undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC’s websites as described under “– General,” including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites. The Beneficial Owners of the 2021 Short-Term Notes should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2021 SHORT-TERM NOTES UNDER THE SUBORDINATE INDENTURE; (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2021 SHORT-TERM NOTES, IF APPLICABLE; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT TO THE OWNERS OF THE 2021 SHORT-TERM NOTES; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2021 SHORT-TERM NOTES; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2021 Short-Term Notes. The 2021 Short-Term Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2021 Short-Term Note certificate will be issued for each maturity of the 2021 Short-Term Notes and will be deposited with DTC.

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

Purchases of the 2021 Short-Term Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Short-Term Notes on DTC’s records. The ownership interest of each actual purchaser of each 2021 Short-Term Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2021 Short-Term Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2021 Short-Term Notes, except in the event that use of the book-entry system for the 2021 Short-Term Notes is discontinued.

To facilitate subsequent transfers, all 2021 Short-Term 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 2021 Short-Term Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021 Short-Term Notes. DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2021 Short-Term Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2021 Short-Term Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021 Short-Term Notes, such as redemptions, tenders, defaults, and proposed amendments to the 2021 Short-Term Note documents. For example, Beneficial Owners of the 2021 Short-Term Notes may wish to ascertain that the nominee holding the 2021 Short-Term 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 notices be provided directly to them.

Redemption notices, if any, shall be sent to DTC. If less than all of the 2021 Short-Term Notes are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2021 Short-Term 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 Commission 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 2021 Short-Term Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2021 Short-Term 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 Commission or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the 2021 Short-Term Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

The Commission, the Trustee and the Underwriters cannot and do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the 2021 Short-Term Notes paid to DTC or its nominee as the registered owner, or will distribute any notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Commission, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2021 Short-Term Notes or for an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the 2021 Short-Term Notes at any time by giving reasonable notice to Commission or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2021 Short-Term Note certificates are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2021 Short-Term Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Commission believes to be reliable, but the Commission takes no responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF 2021 SHORT-TERM NOTES AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

DRAFT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the San Diego County Regional Transportation Commission (the “Commission”) and Digital Assurance Certification LLC, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$ _____ San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (the “2021 Short-Term Notes”). The 2021 Short-Term Notes are being issued pursuant to the Subordinate Indenture, dated as of April 1, 2018, as supplemented and amended by the First Supplement to the Subordinate Indenture, dated as of April 1, 2018, and the Second Supplement to the Subordinate Indenture, dated as of March 1, 2021 (collectively, the “Subordinate Indenture”), between the Commission and U.S. Bank National Association, as trustee. Pursuant to the Indenture, the Commission and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Commission for the benefit of the Beneficial Owners of the 2021 Short-Term Notes and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Commission pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Audited Financial Statements” means the audited financial results of the Commission for the applicable Fiscal Year.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2021 Short-Term Notes (including persons holding 2021 Short-Term Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2021 Short-Term Notes for federal income tax purposes.

“Business Day” shall mean a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city in which the Principal Office of the Trustee is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“Disclosure Representative” shall mean the designee of the Commission designated to act as the Disclosure Representative, or such other person as the Commission shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” means an entity selected and retained by the Commission, or any successor thereto selected by the Commission. The initial Dissemination Agent shall be Digital Assurance Certification LLC.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Listed Events” shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any original underwriter of the 2021 Short-Term Notes required to comply with the Rule in connection with offering of the 2021 Short-Term Notes.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time.

“State” shall mean the State of California.

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2020, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Commission’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than one Business Day prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Commission shall provide the Annual Report to the Dissemination Agent (if other than the Commission). The Commission shall provide, or cause the preparer of the Annual Report to provide, a written certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished to it hereunder. The Dissemination Agent may conclusively rely upon such certification and shall have no duty or obligation to review such Annual Report.

(c) If the Commission is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Commission shall send, or shall cause the Dissemination Agent to send, a notice to the Repository or to the MSRB, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and

(ii) file a report with the Commission certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The Commission Annual Report shall contain or include by reference the following:

(a) The Audited Financial Statements of the Commission for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, dated _____, 2021 relating to the 2021 Short-Term Notes (the "Official Statement") and the Audited Financial Statements shall be filed in the same manner as the Annual Report when such Audited Financial Statements become available.

(b) The outstanding principal amount of the 2021 Short-Term Notes, if there have been any unscheduled redemptions, retirements or defeasances, and the debt service on any additional parity bonds, notes or other obligations issued, in each case during the prior Fiscal Year.

(c) The amount of Sales Tax Revenues (as such term is defined in the Official Statement) received as of the most recently ended Fiscal Year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Commission or related public entities, which have been submitted to the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Commission shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2021 Short-Term Notes in a timely manner not more than ten (10) Business Days after the event:

- (1) principal and interest payment delinquencies;
- (2) defeasances;
- (3) tender offers;
- (4) rating changes;
- (5) adverse tax opinions or the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax- status of the 2021 Short-Term Notes or other material events affecting the tax status of the 2021 Short-Term Notes;
- (6) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (7) unscheduled draws on credit enhancements reflecting financial difficulties;
- (8) substitution of credit or liquidity providers or their failure to perform; or
- (9) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Commission in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commission, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commission.

(b) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2021 Short-Term Notes, if material:

(1) consummation of a merger, consolidation or acquisition involving the Commission or the sale of all or substantially all of the assets of the obligated persons, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(2) appointment of a successor or additional trustee or the change of the name of a trustee;

(3) non-payment related defaults;

(4) modifications to the rights of Owners;

(5) optional, unscheduled or contingent bond calls; or

(6) release, substitution or sale of property securing repayment of the 2021 Short-Term Notes.

(c) Whenever the Commission obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, the Commission shall as soon as possible determine if such event would be material under applicable Federal securities law.

(d) If the Commission determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the Commission shall, in a timely manner not more than ten (10) Business Days after its occurrence, notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to the Repository in a timely manner not more than ten (10) Business Days after occurrence of the Listed Event.

(e) If the Dissemination Agent has been instructed by the Commission to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

Section 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Commission's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2021 Short-Term Notes. If such termination occurs prior to the final maturity of the 2021 Short-Term Notes, the Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 8. Dissemination Agent. The Commission may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the Commission.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Commission may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Commission chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Commission shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Commission to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the 2021 Short-Term Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Commission or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Commission for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Commission, the Trustee, the Holders, or any other party. The obligations of the Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2021 Short-Term Notes.

Section 13. Notices. Any notices or communications herein required or permitted to be given shall be in writing and shall be delivered in such manner and to such addresses as are specified in the Indenture.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Commission, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the 2021 Short-Term Notes, and shall create no rights in any other person or entity.

Section 15. Counterparts; Electronic Signatures. This Disclosure Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument. Each of the parties hereto agrees that the transaction consisting of this Disclosure Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Disclosure Agreement using an electronic signature, it is signing, adopting, and accepting this Disclosure Agreement and that signing this Disclosure Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Disclosure Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Agreement in a usable format.

Date: _____, 2021

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Executive Director

DIGITAL ASSURANCE CERTIFICATION LLC
as Dissemination Agent

By: _____
Authorized Representative

Exhibit A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Diego County Regional Transportation Commission (the “Commission”)

Name of Issue: \$_____ San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021
Series A

Date of Issuance: _____, 2021

NOTICE IS HEREBY GIVEN that the Commission has not provided an Annual Report with respect to the above-captioned 2021 Short-Term Notes as required by the Subordinate Indenture, dated as of April 1, 2018 (amending and restating the Subordinate Indenture, dated as of August 1, 1991, as amended and restated by the Amended and Restated Subordinate Indenture, dated as of November 1, 2005, as further supplemented and amended), as supplemented and amended by the First Supplement to the Subordinate Indenture, dated as of April 1, 2018, and by the Second Supplement to the Subordinate Indenture, dated as of March 1, 2021 (collectively, the “Subordinate Indenture”), between the Commission and U.S. Bank National Association, as trustee thereunder. [The Commission anticipates that the Annual Report will be filed by [date].]

Dated: _____, 20__

Digital Assurance Certification LLC,
as Dissemination Agent

cc: San Diego County Regional Transportation Commission

\$ _____
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE SHORT TERM NOTES
(LIMITED TAX BONDS)
2021 SERIES A

NOTE PURCHASE AGREEMENT

[____], 2021

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101

Ladies and Gentlemen:

Citigroup Global Markets, Inc. (the “Representative”), acting on behalf of itself and J.P. Morgan Securities LLC, Goldman Sachs & Co. LLC, Siebert Williams Shank & Co., LLC and Academy Securities, Inc. (collectively the “Underwriters”), hereby offers to enter into this Note Purchase Agreement with the San Diego County Regional Transportation Commission (the “Commission”), which, upon the Commission’s acceptance hereof, will be binding upon the Commission and the Underwriters. This offer is made subject to the written acceptance of this Note Purchase Agreement by the Commission and the delivery of such acceptance to the Representative or its attorney at or prior to 6:00 p.m., Pacific time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Commission at any time prior to the acceptance hereof by the Commission.

The Representative represents and warrants to the Commission that it has been duly authorized to enter into this Note Purchase Agreement and to act hereunder by and on behalf of the Underwriters.

1. **Definitions.** All capitalized terms not defined herein shall have the meanings ascribed to them in the Subordinate Indenture, as defined below. Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Commission is legally authorized to close.

“Closing Date” shall have the meaning given such term in Section 7 hereof.

“Closing Time” shall mean the time at which payment for and delivery of the 2021 Series A Notes shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement dated [____], 2021.

“County” shall mean the County of San Diego, California.

“End Date” shall have the meaning set forth in Section 2 hereof.

“Escrow Agent” shall mean U.S. Bank National Association.

“Escrow Agreement” shall mean the Escrow Agreement, dated as of March 1, 2021, by and between the Commission and U.S. Bank National Association as Escrow Agent.

“Legal Documents” shall mean the Subordinate Indenture, the Continuing Disclosure Agreement, the Escrow Agreement and the Tax Certificate.

“Note Purchase Agreement” shall mean this Note Purchase Agreement.

“Note Resolution” shall mean Resolution No. RTC-2021-__ adopted by the Commission on _____, 2021.

“Official Statement” shall mean the Official Statement of the Commission, dated [____], 2021, relating to the 2021 Series A Notes, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Preliminary Official Statement” shall mean the Preliminary Official Statement of the Commission, dated [____], 2021, relating to the 2021 Series A Notes, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Rule 15c2-12” shall mean Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“Sales Tax” shall mean the 1/2 of 1% retail transactions and use tax imposed by the Commission and approved by the electors of the County at an election held November 3, 1987 and extended by the electors of the County at an election held November 2, 2004.

“Second Supplemental Subordinate Indenture” shall mean the Second Supplement to the Subordinate Indenture, dated as of [____], 2021, between the Commission and U.S. Bank National Association, as Trustee, as amended or supplemented.

“Subordinate Indenture” shall mean the Subordinate Indenture dated as of April 1, 2018 (amending and restating the Subordinate Indenture, dated as of August 1, 1991, as amended and restated by the Amended and Restated Subordinate Indenture, dated as of November 1, 2005, as further supplemented and amended), as supplemented and amended, including as supplemented by the Second Supplement to the Subordinate Indenture.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate of the Commission dated the Closing Date.

“2021 Series A Notes” shall mean \$ _____ aggregate principal amount of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short Term Notes (Limited Tax Bonds), 2021 Series A.

2. Use and Preparation of Official Statement; Continuing Disclosure Agreement. The Commission has heretofore delivered to the Underwriters copies of the Preliminary Official Statement, which the Commission has deemed final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Commission shall prepare and deliver to the Underwriters, as promptly as practicable, but in no event later than seven (7) business days from the date hereof and at least two (2) business days prior to the Closing Date, whichever occurs first, a final Official Statement, with such changes and amendments as may be agreed to by the Representative, in such quantities as the Underwriters may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the “MSRB”). The Commission hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use and distribute the Official Statement and all information contained therein in connection with the public offering and sale of the 2021 Series A Notes. The Representative agrees to promptly file a copy of the Official Statement, including any supplements prepared by the Commission, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The Commission shall deliver sufficient copies of the Official Statement to enable the Underwriters to distribute a single copy to any potential customer of the Underwriters requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on a date referred to herein as the “End Date,” which is the date when the Official Statement becomes available through EMMA, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the Commission may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Underwriters. In any event, the Underwriters shall promptly notify the Commission of the end of the underwriting period.

The Commission will undertake pursuant to a Continuing Disclosure Agreement, to be dated as of the date of issuance of the 2021 Series A Notes, to provide certain annual financial and operating information and certain material event notices. A description of this undertaking is set forth in the Official Statement.

3. Purchase and Sale of the 2021 Series A Notes. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Commission the 2021 Series A Notes for offering to the public, and the Commission hereby agrees to sell to the Underwriters, all (but not less than all) of the \$ _____ aggregate principal amount of the 2021 Series A Notes at an aggregate purchase price of \$ _____ (the “Purchase Price”), representing the aggregate principal amount of the 2021 Series A Notes, plus/less original issue premium/discount of \$ _____, less an underwriters’ discount of \$ _____.

4. The 2021 Series A Notes. The principal amounts, maturity dates, interest rates and prices with respect to the 2021 Series A Notes shall be as described in the Official Statement and in Appendix A hereto.

5. Public Offering; Establishment of Issue Price.

(a) The Underwriters agree to make a bona fide public offering of all the 2021 Series A Notes initially at prices set forth on Schedule I hereto. After such initial public offering, the Underwriters reserve the right to change such offering prices from time to time as they deem necessary.

(b) The Representative, on behalf of itself and the other Underwriters, agrees to assist the Commission in establishing the issue price of the 2021 Series A Notes and shall execute and deliver to the Commission at Closing an “issue price” or similar certificate, substantially in the form attached hereto as Appendix C, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Commission and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2021 Series A Notes.

(c) Based on information provided by the Representative, the Commission represents that it will treat the first price at which 10% of each maturity of the 2021 Series A Notes (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(d) [Except for the maturities set forth in Schedule II hereto that are subject to the hold-the-offering-price rule (as hereinafter defined),] [If, as of the date hereof, the 10% test has not been satisfied as to any maturity of the 2021 Series A Notes for which the Commission has elected to utilize the 10% test, the Representative agrees to promptly report to the Commission the prices at which 2021 Series A Notes of that maturity or maturities have been sold by the underwriters to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% test has been satisfied as to the 2021 Series A Notes of that maturity or maturities or the date all of the 2021 Series A Notes of that maturity or maturities have been sold to the public.]

[The Representative confirms that the underwriters have offered the 2021 Series A Notes to the public on or before the date of this Note Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth on Schedule I hereto. Schedule II to Appendix C attached hereto sets forth, as of the date of this Note Purchase Agreement, the maturities, if any, of the 2021 Series A Notes for which the 10% test has not been satisfied and for which the Commission and the Representative, on behalf of the underwriters, agree that the restrictions set forth in the next sentence shall apply (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2021 Series A Notes, the Representative has agreed to [hold][purchase] such unsold 2021 Series A Notes of that maturity and not offer nor sell any such Unsold 2021 Series A Notes to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the 2021 Series A Notes to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the Commission when it has sold 10% of that maturity of the 2021 Series A Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the fifth (5th) business day after the sale date.]

The Commission acknowledges that the Representative shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no other underwriter shall be liable for the failure of the Representative [or of any dealer who is a member of the Representative's selling group, or of any broker-dealer that is a party to a retail distribution agreement with the Representative, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2021 Series A Notes].

(e) The Representative confirms that the underwriters have offered the 2021 Series A Notes to the public on or before the date of this Note Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth on Schedule I hereto.

(f) The Representative confirms that:

- (i) any agreement among Underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the 2021 Series A Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A)(1) report the prices at which it sells to the public the unsold 2021 Series A Notes of each maturity allotted to it, whether or not the Closing Date has occurred, until either all 2021 Series A Notes of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the 2021 Series A Notes of that maturity ; provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative and (2) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, (B) promptly notify the Representative of any sales of the 2021 Series A Notes that, to its knowledge, are made to a purchaser who is a related party to an Underwriter participating in the initial sale of the 2021 Series A Notes to the public (each such term being used as defined below), and (C) acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public; and

- (ii) any agreement among Underwriters or selling group agreement relating to the initial sale of the 2021 Series A Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 2021 Series A Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold 2021 Series A Notes of each maturity allocated to it, whether or not the Closing Date has occurred, until either all 2021 Series A Notes of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10% test has been satisfied as to the 2021 Series A Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(g) The Commission acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the 2021 Series A Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2021 Series A Notes, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the 2021 Series A Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the 2021 Series A Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2021 Series A Notes, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the 2021 Series A Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the 2021 Series A Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2021 Series A Notes, as set forth in the third-party distribution agreement and the related pricing wires. The Commission further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the 2021 Series A Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2021 Series A Notes, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the 2021 Series A Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2021 Series A Notes.

(h) The Underwriters acknowledge that sales of any 2021 Series A Notes to any person that is a related party to an underwriter participating in the initial sale of the 2021 Series A Notes

(each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party to an underwriter,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Commission (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2021 Series A Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2021 Series A Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2021 Series A Notes to the public),
- (iii) a purchaser of any of the 2021 Series A Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Note Purchase Agreement by all parties.

6. Use of Documents. The Commission hereby authorizes the Underwriters to use, in connection with the public offering and sale of the 2021 Series A Notes, this Note Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The Closing Time shall be no later than 10:00 a.m., Pacific time, on [____], 2021, or at such other time or on such later date as shall have been mutually agreed upon by the Commission and the Representative (the “Closing Date”). At the Closing Time, the Commission will deliver or cause to be delivered the 2021 Series A Notes to the Underwriters through The Depository Trust Company (“DTC”) in definitive or temporary form, duly executed by the Commission, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The 2021 Series A Notes will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the 2021 Series A Notes, but neither the failure to print such numbers on the 2021 Series A Notes nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the 2021 Series A Notes in accordance with the terms of this Note Purchase Agreement.

Delivery of the 2021 Series A Notes will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Norton Rose Fulbright US LLP, Los Angeles, California, or at such other place as shall have been mutually agreed upon by the Commission and the Representative.

8. Representations, Warranties and Agreements of the Commission. The Commission hereby represents, warrants and agrees with the Underwriters that:

(a) The Commission has been duly created and is validly existing under the laws of the State and has the power to issue the 2021 Series A Notes pursuant to the Act, the Note Resolution and the Legal Documents.

(b) The Commission has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the Sales Tax, to adopt the Note Resolution, to enter into the Legal Documents and this Note Purchase Agreement, and to sell, issue and deliver the 2021 Series A Notes to the Underwriters as provided herein; the Commission has full legal right, power and authority to perform its obligations under the Note Resolution, the 2021 Series A Notes, the Legal Documents and this Note Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Commission has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, the Ordinance and laws of the State, and the terms of the Note Resolution, the 2021 Series A Notes, the Legal Documents and this Note Purchase Agreement.

(c) Except as described in the Preliminary Official Statement and the Official Statement, by all necessary official action, the Commission has duly adopted the Ordinance, which was approved by a majority of the voters in the County on November 3, 1987 and extended by more than a two-thirds vote of the voters in the County voting on such extension on November 2, 2004.

(d) By all necessary official action, the Commission has duly adopted the Note Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the 2021 Series A Notes, this Note Purchase Agreement and the Legal Documents, and the consummation by it of all other transactions contemplated by this Note Purchase Agreement, the Note Resolution, and the Legal Documents. When executed and delivered by their respective parties, the Legal Documents and this Note Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force

and effect and each will constitute legal, valid and binding agreements or obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The 2021 Series A Notes, when issued, authenticated and delivered in accordance with the Note Resolution and the Subordinate Indenture, and sold to the Underwriters as provided herein, will constitute legal, valid and binding obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Subordinate Indenture and the Note Resolution.

(f) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the 2021 Series A Notes and the execution, delivery of and performance of the Legal Documents by the Commission have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the 2021 Series A Notes, as to which no representation is made).

(g) Except as described in the Preliminary Official Statement and the Official Statement, the Commission is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Commission is a party or to which the Commission or any of its property or assets is otherwise subject (including, without limitation, the Note Resolution and the Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Note Resolution, the issuance, delivery and sale of the 2021 Series A Notes and the execution and delivery of this Note Purchase Agreement and the Legal Documents and compliance with the Commission's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Commission is a party or to which the Commission or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Commission or under the terms of any such law, regulation or instruments, except as provided by the Note Resolution and the Legal Documents.

(h) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Commission's knowledge, threatened against the Commission: (i) in any way affecting the existence of the Commission or in any way challenging the respective powers of the several offices or the titles of the officials of the Commission to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the 2021 Series A Notes, the application of the proceeds of the sale of the 2021 Series A Notes, the proceedings authorizing and approving the Sales Tax, the levy or collection of the Sales Tax; (iii) in any way contesting or affecting, as to the Commission, the validity or enforceability of the Act, the proceedings authorizing the Sales Tax, the Note Resolution, the 2021 Series A Notes, the Legal Documents or this Note Purchase Agreement; (iv) in any way contesting the powers of the Commission or its authority with respect to issuance or delivery of the 2021 Series A Notes, the adoption of the Note Resolution, or the execution and delivery of the Legal Documents or this Note Purchase Agreement, or contesting the power or authority to levy the Sales Tax; (v) contesting the exclusion from gross income of interest on the 2021 Series A Notes for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Commission to perform and satisfy its obligations under this Note Purchase Agreement, the Legal Documents or the 2021 Series A Notes; nor to the best of the Commission's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the proceedings authorizing the Sales Tax, the Note Resolution, the Legal Documents or this Note Purchase Agreement or the performance by the Commission of its obligations thereunder, or the authorization, execution, delivery or performance by the Commission of the 2021 Series A Notes, the Note Resolution, the Legal Documents or this Note Purchase Agreement.

(i) Between the date hereof and the Closing Time, the Commission will not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Commission or relating to the Project or except for such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement.

(j) The Commission will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriters as the Underwriters may reasonably request in order (i) to qualify the 2021 Series A Notes for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate and (ii) to determine the eligibility of the 2021 Series A Notes for investment under the laws of such states and other jurisdictions; and the Commission will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the 2021 Series A Notes; provided, however, that in no event shall the Commission be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriters of receipt by the Commission of any written notification with regard to the

suspension of the qualification of the 2021 Series A Notes for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(k) The Commission has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the 2021 Series A Notes as provided in and subject to all of the terms and provisions of the Act, the Ordinance, the Note Resolution and the Subordinate Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2021 Series A Notes.

(l) The 2021 Series A Notes, when issued, will conform to the description thereof contained in the Preliminary Official Statement (other than the information as to principal amounts, interest rates, redemption provisions and other information subject to change) and the Official Statement under the captions “THE 2021 SHORT-TERM NOTES” and Appendix C-2 — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE”; the proceeds of the 2021 Series A Notes, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION — Application of Short-Term Note Proceeds” and “REFUNDING PLAN”; and the Note Resolution and the Subordinate Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(m) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12), as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the caption “UNDERWRITING” and all information concerning the book-entry system set forth under the caption “THE 2021 SHORT-TERM NOTES” and in Appendix E as to which no representations or warranties are made and the information in Appendix C-2, which is correct in all material respects).

(n) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement (excluding therefrom the information under the caption “UNDERWRITING” and all information concerning the book-entry system set forth under the caption “THE 2021 SHORT-TERM NOTES” and in Appendix E as to which no representations or warranties are made and the information in Appendix C-2, which is correct in all material respects) did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(o) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(p) The Commission shall not amend or supplement the Official Statement without the prior written consent of the Representative, which shall not be unreasonably withheld. If between the date hereof and the Closing Time, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Commission shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Commission shall forthwith prepare and furnish (at the expense of the Commission) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

(q) Except as described in the Preliminary Official Statement and the Official Statement, and except for a pledge of Revenues or other funds, which is subordinate to the pledge securing repayment of the 2021 Series A Notes, in connection with (i) a loan obtained by the Commission under the Transportation Infrastructure Finance and Innovation Act or (ii) a new or extended credit or liquidity facility supporting the Commission's commercial paper notes, the Commission has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Subordinate Indenture.

(r) The Commission is not in default in any material respect on any bond, note or other obligation for borrowed money or under any agreement under which any such obligation is outstanding, and at no time has defaulted in any material respect on any payment obligation with respect to such outstanding bonds, notes or other obligations for borrowed money.

(s) The financial statements of, and other financial information regarding, the Commission in the Preliminary Official Statement and the Official Statement relating to the receipts, expenditures and cash balances of Revenues by the Commission as of June 30, 2020 fairly represent the receipts, expenditures and cash balances of such amounts and, insofar as presented, other funds of the Commission as of the dates and for the periods therein set forth. The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles consistently applied. Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Commission or in its operations since June 30, 2020 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(t) Prior to the Closing Time, the Commission will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Commission.

(u) Upon the delivery of the 2021 Series A Notes, the aggregate principal amount of Notes authorized to be issued under the Subordinate Indenture, together with all outstanding Parity Debt, will not in combination with all outstanding debt obligations of the Commission exceed any limitation imposed by law or by the Subordinate Indenture or by Section 132309(b) of the Public Utilities Code of the State of California.

(v) The sum of the principal of and interest on the 2021 Series A Notes, together with all outstanding Parity Debt and other outstanding debt obligations of the Commission, does not exceed the estimated proceeds of the retail transactions and use tax for the period for which the retail transactions and use tax is to be imposed by the Commission.

(w) Except as otherwise set forth in the Preliminary Official Statement and the Official Statement, the Commission has complied in all material respects during the previous five years with all previous undertakings required pursuant to Rule 15c2-12.

(x) Any certificate, signed by any official of the Commission authorized to do so in connection with the transactions described in this Note Purchase Agreement, shall be deemed a representation and warranty by the Commission to the Underwriters as to the statements made therein.

9. Conditions to the Underwriters' Obligations. The Representative has entered into this Note Purchase Agreement in reliance upon the representations, warranties and obligations of the Commission contained herein and upon the documents and instruments to be delivered at the Closing Time. Accordingly, the Underwriters' obligations under this Note Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the Commission contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Commission official or officials dated the Closing Date, and the Commission shall be in compliance with each of the agreements and covenants made by it in this Note Purchase Agreement;

(b) (i) At the Closing Time, the Act, the Note Resolution and the Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Commission and the Representative, and (ii) the Commission shall perform or have performed all of its obligations required under or specified in the Act, the Note Resolution, the Legal Documents, this Note Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Commission relating to this Note Purchase Agreement, the Legal Documents, the Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Commission, the Act, the Ordinance, the Sales Tax, the Revenues, or the 2021 Series A Notes as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the 2021 Series A Notes;

(e) Subsequent to the date hereof, up to and including the Closing Time, the California Department of Tax and Fee Administration (“CDTFA”) shall not have suspended or advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof, and the General Counsel to the Commission, shall not have advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof other than as disclosed in the Preliminary Official Statement and the Official Statement;

(f) At or prior to the Closing Date, the Representative shall receive copies of each of the following documents:

(1) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Commission by its Executive Director.

(2) An approving opinion of Norton Rose Fulbright US LLP, Bond Counsel, dated the Closing Date, as to the validity of the 2021 Series A Notes, the exclusion of interest on the 2021 Series A Notes from federal gross income and the exclusion of interest on the 2021 Series A Notes from State income taxation, addressed to the Commission substantially in the form attached as Appendix F to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriters.

(3) A supplemental opinion of Norton Rose Fulbright US LLP, Bond Counsel, addressed to the Underwriters, to the effect that:

(i) The Note Purchase Agreement and the Continuing Disclosure Agreement each has been duly executed and delivered by the Commission and each is valid and binding upon the Commission, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(ii) The statements contained in the Official Statement in the sections entitled “THE 2021 SHORT-TERM NOTES” (other than the information concerning DTC and the book-entry system), “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES,” “TAX MATTERS” and APPENDIX C-2 — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE,” excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Subordinate Indenture, the 2021 Series A Notes, and the form and content of such counsel’s opinion attached as Appendix F to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

(iii) The 2021 Series A Notes are not subject to the registration requirements of the Securities Act of 1933, as amended (the “1933 Act”) and the Subordinate Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

(4) A letter, dated the Closing Date and addressed to the Commission and the Underwriters, from Norton Rose Fulbright US LLP, Disclosure Counsel, substantially in the form attached as Appendix C hereto.

(5) The opinion of Nixon Peabody LLP, Underwriters' Counsel, addressed to the Underwriters, in form and substance acceptable to the Underwriters, covering such items as the Representative may request.

(6) The opinion of the General Counsel to the Commission, dated the Closing Date, addressed to the Underwriters and the Trustee, to the effect that:

(i) The Commission has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Note Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents and the Note Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the 2021 Series A Notes; (d) to cause the Sales Tax to be levied and collected as described in the Preliminary Official Statement and the Official Statement; (e) to pledge the Revenues as contemplated by the Legal Documents; and (f) to carry on its activities as currently conducted;

(ii) The Commission has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Commission has duly authorized the execution and delivery of, and the due performance of its obligations under, the Note Purchase Agreement, the Legal Documents and the 2021 Series A Notes;

(iii) the Note Resolution was duly adopted by at least a two-thirds vote of all the voting members of the Board of Directors of the Commission at a meeting of the governing body of the Commission which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Note Resolution;

(iv) the adoption of the Note Resolution, the execution and delivery by the Commission of the Note Purchase Agreement, the Legal Documents and the 2021 Series A Notes and the compliance with the provisions of the Note Purchase Agreement, the Legal Documents and the 2021 Series A Notes, to the best of such counsel's knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the Commission a material breach of or default under any agreement or instrument to which the Commission is a party or by which it is bound;

(v) the 2021 Series A Notes, the Legal Documents and the Note Purchase Agreement constitute binding and legal obligations of the Commission and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) no litigation is pending with service of process completed or, to the best of such counsel's knowledge after due inquiry, threatened against the Commission in any court in any way affecting the titles of the officials of the Commission to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2021 Series A Notes, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the 2021 Series A Notes, or in any way contesting or affecting the validity or enforceability of the 2021 Series A Notes, the Note Resolution, the Legal Documents or the Note Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Commission or its authority with respect to the 2021 Series A Notes, the Note Resolution, the Legal Documents or the Note Purchase Agreement, or questioning the existence of the Commission;

(vii) the information contained in the Preliminary Official Statement and the Official Statement under the captions "SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION" and "ABSENCE OF MATERIAL LITIGATION" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Commission of the Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the 2021 Series A Notes by the Underwriters); and

(ix) to the best of such counsel's knowledge after due inquiry, the Commission is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Commission is a party or is otherwise subject, which breach or default would materially adversely affect the Commission's ability to enter into or perform its obligations under the Legal Documents and the Note Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the

giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Commission's ability to enter into or perform its obligations under the Legal Documents and the Note Purchase Agreement.

(7) A certificate, dated the Closing Date and signed by such officials of the Commission as shall be satisfactory to the Representative, to the effect that (i) the representations, warranties and covenants of the Commission contained in the Note Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Note Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Commission and the Representative; (iii) the Commission has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Commission, whether or not arising in the ordinary course of the Commission's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Note Purchase Agreement, (excluding therefrom the information under the caption "UNDERWRITING," all information concerning the book-entry system set forth under the caption "THE 2021 SHORT-TERM NOTES" and in Appendix E, as to which no representations and warranties need be made, and the information in Appendix C-2, which is correct in all material respects), and the Official Statement, as of its date and as of the Closing Date, (excluding therefrom the information under the caption "UNDERWRITING," all information concerning the book-entry system set forth under the caption "THE 2021 SHORT-TERM NOTES" and in Appendix E, as to which no representations and warranties need be made, and the information in Appendix C-2, which is correct in all material respects), did not and does not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(8) The audited financial statements of the Commission relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the Commission as of June 30, 2020 included in the Official Statement, certified by the Commission on the Closing Date as being correct and complete.

(9) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Representative, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Subordinate Indenture;

(ii) the Trustee is duly authorized to enter into, has duly executed and delivered the Legal Documents to which the Trustee is a party and has duly authenticated and delivered the 2021 Series A Notes;

(iii) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Subordinate Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Subordinate Indenture;

(iv) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(v) the Trustee will apply the proceeds from the 2021 Series A Notes as provided in the Subordinate Indenture.

(10) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Legal Documents to which the Trustee is a party.

(11) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Commission and the Underwriters, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Legal Documents to which it is a party and to enter into such Legal Documents;

(ii) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the 2021 Series A Notes or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the 2021 Series A Notes or the Legal Documents to which it is a party.

(12) Evidence of signature authority and incumbency of the Trustee.

(13) A certified copy of the proceedings relating to authorization and approval of the Sales Tax.

(14) A copy of the executed Agreement for State Administration of Transactions and Use Tax, between the Commission and the CDTFA, including all amendments thereto.

(15) A certified copy of the Note Resolution.

(16) Fully executed copies of each of the Legal Documents.

(17) A Verification Report of [____], certified public accountants (the "Verification Agent"),

(18) The opinion of Counsel to the Escrow Agent addressed to the Representative, in form and substance acceptable to the Representative.

(19) Evidence of required filings with the California Debt and Investment Advisory Commission.

(20) A copy of the Blue Sky Survey with respect to the 2021 Series A Notes.

(21) A Tax Certificate of the Commission, in form satisfactory to Bond Counsel, signed by such officials of the Commission as shall be satisfactory to the Representative.

(22) Evidence as of the Closing Date satisfactory to the Representative that the 2021 Series A Notes have received a rating of “[AAA]” from Fitch Ratings and “[AAA]” from S&P Global Ratings (or such other equivalent rating as Fitch Ratings and S&P Global Ratings shall issue), and that such ratings have not been revoked or downgraded.

(23) Two transcripts of all proceedings relating to the authorization and issuance of the 2021 Series A Notes, which may be in digital form (or a commitment to so provide).

(24) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, Underwriters’ Counsel or Bond Counsel may reasonably request to evidence compliance by the Commission with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Commission herein contained and of the Official Statement and the due performance or satisfaction by the Commission at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Commission.

10. Termination.

(a) If the Commission shall be unable to satisfy the conditions of the Underwriters’ obligations contained in this Note Purchase Agreement or if the Underwriters’ obligations shall be terminated for any reason permitted by this Note Purchase Agreement, this Note Purchase Agreement may be cancelled by the Representative at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Commission in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Commission hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative at its sole discretion.

(b) The Underwriters shall also have the right, prior to the Closing Time, to cancel their obligations to purchase the 2021 Series A Notes, by written notice to the Commission, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading and, in either such event, (A) the Commission refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory

to the Representative or (B) the effect of the Official Statement as so supplemented is, in the judgment of the Representative, to materially adversely affect the market price or marketability of the 2021 Series A Notes or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the 2021 Series A Notes; or

(ii) the market for the 2021 Series A Notes or the market prices of the 2021 Series A Notes or the ability of the Underwriters to enforce contracts for the sale of the 2021 Series A Notes shall have been materially and adversely affected, in the reasonable professional judgment of the Representative, by:

(A) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been passed by either chamber of the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Commission or upon interest received on obligations of the general character of the 2021 Series A Notes which, in the reasonable judgment of the Representative, is likely to have the purpose or effect, directly or, indirectly, of adversely affecting the tax status of the Commission, its property or income, its securities (including the 2021 Series A Notes) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(B) legislation shall have been introduced or passed by either chamber of the Congress or recommended for passage by the

President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or an order, stop order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the 2021 Series A Notes are not exempt from registration under the 1933 Act, or that the Subordinate Indenture is not exempt from qualification under the Trust Subordinate Indenture Act of 1939; or

(C) the declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency (or the escalation thereof) or calamity or terrorism affecting the operation of the government of the United States, or the financial, political or economic conditions affecting the United States or the Commission; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the 2021 Series A Notes, or the issuance, offering or sale of the 2021 Series A Notes, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(F) any material adverse change in the affairs or financial condition of the Commission, except for changes which the Official Statement disclosures are expected to occur; or

(iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable professional judgment of the Representative, materially and adversely affect the market or market price for the 2021 Series A Notes, or there is a material increase in restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers which, in the reasonable professional judgment of the Representative, make it impractical or inadvisable to proceed with the offering of the 2021 Series A Notes as contemplated in the Official Statement; or

(iv) any litigation shall be instituted or be pending at the Closing Time to restrain or enjoin the issuance, sale or delivery of the 2021 Series A Notes, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Sales Tax or the rates, levy or collection thereof, the issuance, sale or delivery of 2021 Series A Notes, the Act, the Ordinance, the Note Resolution, the Legal Documents or the existence or powers of the Commission with respect to its obligations under the Legal Documents or the 2021 Series A Notes; or

(v) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that as of the date hereof has published, or has been asked to furnish, an unenhanced long-term rating on the Commission's senior lien debt obligations, including the 2021 Series A Notes, which action reflects a change or possible change in the ratings accorded to such obligations, including the 2021 Series A Notes.

If the Underwriters terminate their obligation to purchase the 2021 Series A Notes because any of the conditions specified in Section 6, Section 9 or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Representative.

11. Conditions to Obligations of the Commission. The performance by the Commission of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the Commission and the Underwriters of opinions addressed to the Underwriters and certificates being delivered at the Closing Time by persons and entities other than the Commission.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) the Commission will not adopt any amendment of, or supplement to, the Official Statement to which the Representative shall object in writing or that shall be disapproved by the Underwriters' Counsel and (b) if any event relating to or affecting the Commission shall occur as a result of which it is necessary, in the opinion of Underwriters' Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the 2021 Series A Notes, the Commission will forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriters' Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the 2021 Series A Notes, not misleading.

13. Indemnification. The Commission (a "Commission Indemnifying Party") shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and their respective directors, officers, employees and agents and each person who controls the Underwriters within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called a "Commission Indemnified Party"), against any and all losses, claims, damages or liabilities, joint

or several, to which such Commission Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Commission Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the captions “THE 2021 SHORT-TERM NOTES,” “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES,” “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION,” “THE SALES TAX,” “REFUNDING PLAN,” “COMMISSION INVESTMENT PORTFOLIO,” and “ABSENCE OF MATERIAL LITIGATION” or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Commission may otherwise have to any Commission Indemnified Party, provided that in no event shall the Commission be obligated for double indemnification.

The Underwriters (collectively, an “Underwriter Indemnifying Party”) shall indemnify and hold harmless, to the extent permitted by law, the Commission and its directors, officers, members, employees and agents and each person who controls the Commission within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Underwriter Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Underwriter Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the caption “UNDERWRITING” or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriters be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “Indemnified Party” means a Commission Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “Indemnifying Party” means a Commission Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party

will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Commission or the Underwriters, to the extent permitted by law, the Commission and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Commission and the Underwriters may be subject) in such proportion so that the Underwriters are jointly and severally responsible for that portion represented by the percentage that the Underwriters' discount set forth in the Official Statement bears to the public offering price appearing thereon and the Commission is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person, if any, who controls the Underwriters within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriters. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

Nothing in this Section 13 shall relate to, have any effect on, or provide any obligation for or right to indemnification or contribution with respect to any action, expense, judgment, order, ruling, award or settlement in the litigation brought by the Commission against affiliates of the Underwriters alleging that the defendants conspired to suppress the U.S. dollar London Interbank Offered Rate.

14. Expenses.

(a) Whether or not the 2021 Series A Notes are issued as contemplated by this Note Purchase Agreement, the Underwriters shall be under no obligation to pay and the Commission hereby agrees to pay any expenses incident to the performance of the Commission's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the 2021 Series A Notes; (ii) any fees charged by any rating agency for issuing the rating on the 2021 Series A Notes; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; (v) the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure undertaking compliance review; and (vi) any out-of-pocket disbursements of the Commission. The Commission shall also pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters on behalf of the Commission's employees and representatives which are in connection with this Note Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees and representatives.

(b) Whether or not the 2021 Series A Notes are issued as contemplated by this Note Purchase Agreement, the Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the 2021 Series A Notes by the MSRB or Financial Industry Resources Authority; (ii) all advertising expenses in connection with the public offering and distribution of the 2021 Series A Notes (excluding any expenses of the Commission and its employees or agents); (iii) any fees payable to the California Debt and Investment Advisory Commission ("CDIAC"); and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the 2021 Series A Notes, including the fees and disbursements of Underwriters' Counsel. The Underwriters are required to pay the fees to CDIAC in connection with the Series 2020A Bond offering. The Commission acknowledges that it has had the opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Commission agrees to reimburse the Underwriters for such fees.

15. Notices. Any notice or other communication to be given under this Note Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the Commission, addressed to:

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101
Attention: Executive Director

or if to the Representative or the Underwriters, addressed to:

Citigroup Global Services LLC
300 South Grand Avenue

Los Angeles, CA 90071
Attention: Chris Mukai, Managing Director

16. Parties in Interest; Survival of Representations and Warranties. This Note Purchase Agreement when accepted by the Commission in writing as heretofore specified shall constitute the entire agreement between the Commission and the Underwriters and is made solely for the benefit of the Commission and the Underwriters (including the successors or assigns of the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Commission in this Note Purchase Agreement or in any certificate delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery to and payment by the Underwriters for the 2021 Series A Notes hereunder and (c) any termination of this Note Purchase Agreement.

17. Execution in Counterparts. This Note Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. No Advisory or Fiduciary Role. The Commission acknowledges and agrees that: (i) the primary role of the Underwriters, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the Commission and the Underwriters and that the Underwriters have financial and other interests that differ from those of the Commission; (ii) the Underwriters are not acting as a municipal advisor, financial advisor, or fiduciary to the Commission and have not assumed any advisory or fiduciary responsibility to the Commission with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Commission on other matters); and (iii) the Commission has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Commission would like a municipal advisor in this transaction that has legal fiduciary duties to the Commission, then the Commission is free to engage a municipal advisor to serve in that capacity.

19. Applicable Law. This Note Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

CITIGROUP GLOBAL MARKETS, INC.
J.P. MORGAN SECURITIES LLC
GOLDMAN SACHS & CO LLC
SIEBERT WILLIAMS SHANK & CO., LLC
ACADEMY SECURITIES, INC.

By CITIGROUP GLOBAL MARKETS, INC.
as Representative

By: _____
Authorized Officer

The foregoing is hereby agreed to and
accepted as of the date first above written:

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Authorized Officer

APPENDIX A

MATURITY SCHEDULE

\$ _____

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE SHORT-TERM NOTES (LIMITED TAX BONDS)
2021 SERIES A**

<u>Maturity (April 1)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Price (%)</u>	<u>10% Test Met as of Pricing</u>	<u>Subject to Hold-the- Offering Price Rule</u>
^c _____						

APPENDIX B

CERTIFICATE OF THE REPRESENTATIVE REGARDING OFFERING PRICES

This certificate is furnished by Citigroup Global Markets, Inc., as representative (the “Representative”) of the underwriters (the “Underwriters”) listed in the Note Purchase Agreement, dated _____, 2021 (the “Note Purchase Agreement”), among the Underwriters and the San Diego County Regional Transportation Commission for the sale of the \$_____ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (the “Notes”).

Issue Price.

[NOT USING HOLD THE PRICE]

1. **[10% OF EACH MATURITY SOLD BY CLOSING]** As of the date hereof, the first price or yield at which at least 10% of each Maturity of the Notes was sold by the Underwriter to the Public was the [Initial Offering Price/**OR IF ACTUAL SALES AT OTHER THAN IOP** price or yield set forth on Schedule 1 hereto.]

[USING HOLD THE PRICE]

1. As of _____, 2021 (the “Sale Date”), all of the Notes were the subject of a bona fide offering to the Public at the Initial Offering Price.

[2. **[USING HOLD THE PRICE FOR A PORTION OF THE ISSUE]** As of the date hereof, other than the Notes listed on Exhibit A to the Note Purchase Agreement, dated _____, 2021, by and between the Underwriter and San Diego County Regional Transportation Commission (the “Commission”), as Subject-to-Hold-The-Offering-Price Rule (the “Undersold Maturities”), the first price or yield at which at least 10% of each Maturity of the Notes was sold by the Underwriter to the Public was the respective [Initial Offering Price **OR IF ACTUAL SALES AT OTHER THAN IOP** price set forth on Schedule 1 hereto]. Attached hereto as Schedule 2 is a copy of the final pricing wire for each Undersold Maturity or an equivalent communication. With respect to the Undersold Maturities, as agreed to in writing by the Underwriter in the Note Purchase Agreement between the Commission and the Underwriter dated _____, 2021, the Underwriter has not offered or sold any unsold Notes of the Undersold Maturities to any person at a price higher than or a yield lower than the respective Initial Offering Price for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Undersold Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering Price by the Underwriter or (b) the close of the fifth business day following the Sale Date.

2. **[USING HOLD THE PRICE FOR 100% OF THE ISSUE]**. As agreed to in writing by the Underwriter in the Note Purchase Agreement between the Commission and the Underwriter dated _____, 2021, the Underwriter has not offered or sold any unsold Bond to any person at a price higher than or a yield lower than the respective Initial Offering Price for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of

the respective Undersold Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering Price by the Underwriter or (b) the close of the fifth business day following the Sale Date. Attached hereto as Schedule 1 is a copy of the final pricing wire for the Notes or an equivalent communication.]

[ADD SECTION ON QUALIFIED GUARANTEE IF APPLICABLE]

2. Defined Terms.

(a) “Initial Offering Price” means the prices or yields set forth on the inside cover page of the Commission’s Official Statement in respect of such Notes dated _____, 2021.

(b) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(d) “Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Commission (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Commission with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Norton Rose and Fulbright US LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Commission from time to time relating to the Notes.

Dated: _____, 2021

CITIGROUP GLOBAL MARKETS, INC.,
as Representative

By: _____
Authorized Signatory

DRAFT

**SCHEDULE 1
ISSUE PRICES**

[IF USING ACTUAL SALES AND THE IOP IS NOT THE ISSUE PRICE FOR EACH MATURITY]

First Price of At Least 10% (ONLY APPLICABLE IF PRICE IS NOT THE IOP)

Undersold Maturities

[IF USING HOLD THE PRICE FOR A PORTION]

First Price of At Least 10% (Only Applicable if Not IOP)

Initial Offering Prices of Undersold Maturities

DRAFT

APPENDIX C

FORM OF LETTER OF DISCLOSURE COUNSEL

[Closing Date]

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101

Citigroup Global Markets, Inc.
as Representative
Los Angeles, California

Re: \$ _____ San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds) 2021
Series A Notes

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the San Diego County Regional Transportation Commission (the “Commission”) in connection with the issuance by the Commission of its Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds) 2021 Series A Notes in the aggregate principal amount of \$ _____ (the “Notes”). The Notes were issued pursuant to the Amended and Restated Subordinate Subordinate Indenture, dated as of April 1, 2018, as amended and supplemented, including by a Second Supplemental Subordinate Indenture, dated as of [____], 2021 (collectively, the “Subordinate Indenture”), each between the Commission and U.S. Bank National Association, as trustee. The Notes are more fully described in the Official Statement of the Commission, dated [____], 2021 (the “Official Statement”). This opinion is delivered to you pursuant to Section 9(f)(4) of the Note Purchase Agreement, dated [____], 2021 (the “Note Purchase Agreement”), by and between the Commission and Citigroup Global Markets, Inc. (the “Representative”), acting on behalf of itself and J.P. Morgan Securities LLC, Goldman Sachs & Co. LLC, Siebert Williams Shank & Co., LLC and Academy Securities, Inc. (collectively, the “Underwriters”). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Note Purchase Agreement.

In rendering this opinion, we have reviewed the Subordinate Indenture and such records, documents, certificates and opinions, and made such other investigations of law and fact as we have deemed necessary or appropriate.

This opinion is limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as Disclosure Counsel to the Commission, we have rendered certain legal advice and assistance in connection with the preparation of the Preliminary Official Statement of the Commission, dated [____], 2021 (the “Preliminary Official Statement”), and the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in meetings and telephone conferences with, among others, representatives of the Commission, Public Financial Management, Inc., the Commission’s financial advisor, Bond Counsel, Citigroup Global Markets, Inc., as representative of the Underwriters, and counsel to the Underwriters, at which meetings and conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), no facts have come to the attention of the personnel directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement that causes them to believe that (a) the Preliminary Official Statement as of its date and as of the date of the Note Purchase Agreement contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except for any information relating to The Depository Trust Company, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein, and information in Appendices A, E and F thereof, as to all of which we express no view, and except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yield, interest rate, maturity, amortization, redemption provisions, underwriters’ compensation and the CUSIP numbers), or (b) the Official Statement as of its date or as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for any information relating to The Depository Trust Company, Cede & Co., the book-entry system, the CUSIP numbers, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein, and information in Appendices A, E and F thereof, as to all of which we express no view).

During the period from the date of the Preliminary Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement.

We are furnishing this opinion to you, solely for your benefit. This opinion is rendered in connection with the transaction described herein, and may not be relied upon by you for any other purpose. This opinion shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent. The delivery of this opinion shall not create any attorney-client relationship between our firm and the addressees hereof, other than the Commission. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the remarketing relating to the Notes, and we have no obligation to update this opinion.

Respectfully submitted,

DRAFT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of March 1, 2021 (the “Escrow Agreement”), between the San Diego County Regional Transportation Commission (the “Commission”) and U.S. Bank National Association, as escrow agent hereunder (the “Escrow Agent”).

W I T N E S E T H :

WHEREAS, pursuant to the Subordinate Indenture, dated as of April 1, 2018 (the “Original Indenture”), as supplemented and amended by a First Supplement to the Subordinate Indenture, dated as of April 1, 2018 (the “First Supplement”), each between the Commission and U.S. Bank National Association, as trustee (the “Trustee”), the Commission has heretofore issued \$537,480,000 aggregate principal amount of its “San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A” (the “Refunded Notes”);

WHEREAS, a portion of the proceeds of the Refunding Notes (as defined herein) will be used to refund the outstanding Refunded Notes;

WHEREAS, the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (the “Refunding Notes”) are being issued pursuant to the Original Indenture, as amended and supplemented by the First Supplement and a Second Supplement to the Subordinate Indenture, dated as of March 1, 2021 (collectively, the “Indenture”), between the Commission and the Trustee, for the purpose of, among other things, refunding the Refunded Notes, by providing a portion of the funds sufficient to pay the principal amount of the Refunded Notes due on their maturity date of April 1, 2021 and to pay accrued interest on the Refunded Notes to the maturity date; and

WHEREAS, in order to accomplish the refunding and defeasance of the Refunded Notes in accordance with Sections 10.02 and 23.02 of the Indenture, the Commission will deposit, or cause to be deposited, with the Escrow Agent, a portion of the proceeds of the Refunding Notes and certain other funds in accordance with this Escrow Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Commission and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The Commission hereby irrevocably deposits with the Escrow Agent \$[] in immediately available funds comprised of (i) a portion of the net proceeds of the sale of the Refunding Notes (in the amount of \$[]) and (ii) amounts transferred by the Trustee to the Escrow Agent under Section 27.02 of the Indenture (in the amount of \$[]), of which \$[] shall be invested in Defeasance Securities (as defined in the Indenture) and \$[] shall be held uninvested as cash, all as described in Schedule I hereto, to be held in irrevocable escrow by the Escrow Agent, separate and apart from other funds of the Commission, in a fund hereby created and established to be known as the “Escrow Fund” and to be applied solely as provided in this Escrow Agreement. The moneys and Defeasance Securities set forth in Schedule I are at least equal to an amount

sufficient to pay the principal amount of the Refunded Notes due on their maturity date of April 1, 2021 plus accrued interest to the maturity date, as set forth in Schedule II hereto. The sufficiency of the moneys to pay such interest and to redeem the Refunded Notes on said redemption date has been verified in a report prepared by [] dated March __, 2021.

SECTION 2. Redemption of Refunded Notes.

(a) Redemption of Refunded Notes. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall pay the principal of, and interest on, the Refunded Notes due on April 1, 2021. Any moneys remaining in the Escrow Fund after payment of such principal and interest in full as provided herein shall be repaid by the Escrow Agent to the Commission.

(b) Irrevocable Instructions to Provide Notices.

(i) The Escrow Agent as Trustee is hereby instructed to mail, by first-class mail, notice of defeasance to each Holder of the Refunded Notes substantially in the form of Exhibit A attached hereto.

(ii) The Escrow Agent is hereby further instructed to post a copy of such notice, when mailed, to (A) the Depository (as defined in the Original Indenture) and (B) the Repository (as hereinafter defined). The sole remedy for failure to post such notices shall be an action by the Holders of the Refunded Notes in mandamus for specific performance or a similar remedy to compel performance.

“Respository” means the Electronic Municipal Market Access system (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services providing information with respect to defeased notes as the Commission may designate in writing to the Escrow Agent.

(c) Unclaimed Moneys. Subject to the laws of the State of California, any moneys which remain unclaimed for two (2) years after the date when such moneys have become due and payable, shall be repaid by the Escrow Agent (without liability for interest) to the Commission as its absolute property and free from trust, and the Escrow Agent shall thereupon be released and discharged with respect thereto and the owners of applicable Refunded Notes shall look only to the Commission for the payment thereof; provided, however, that before being required to make any such payment to the Commission, the Escrow Agent shall, at the expense of the Commission, cause to be mailed to the owners of the applicable Refunded Notes, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the Commission.

(d) Priority of Payments. The owners of the Refunded Notes shall have a lien on moneys in the Escrow Fund, including any redemption premium thereon, in accordance with this Escrow Agreement until such moneys and such securities are used and applied as provided in this Escrow Agreement.

(e) Substitution and Reinvestment of Defeasance Securities.

(i) Upon the written direction of an Authorized Representative, subject to the conditions and limitations set forth in Subsection (e)(iii) below, the Escrow Agent shall sell, transfer and request the redemption of or otherwise dispose of the Defeasance Securities described in Schedule I hereto; provided, that subject to Subsection (e)(iii) below, there are substituted therefor and delivered to the Escrow Agent other Defeasance Securities.

(ii) Upon the written direction of an Authorized Representative, subject to the conditions and limitations set forth in Subsection (e)(iii) below, the Escrow Agent shall reinvest cash balances in the Escrow Fund in Defeasance Securities as set forth below; provided, that any such securities purchased pursuant to this Subsection shall mature on such other date or dates necessary to meet the requirements of Section 2(a), as certified by a nationally recognized firm of independent certified public accountants.

(iii) The Commission, by this Escrow Agreement, hereby covenants and agrees that it will not request the Escrow Agent to exercise any of the powers described in Subsections (e)(i) or (e)(ii) above in any manner that would adversely affect the tax-exempt status of the Refunded Notes. Any purchase of substitute securities by the Escrow Agent shall be accomplished in accordance with Subsections (e)(i) above to the extent that such purchases are to be made with the proceeds derived from the sale, transfer, redemption or other disposition of the Defeasance Securities. Such sale, transfer, redemption or other disposition of the Defeasance Securities and such substitution or reinvestment may be effected only by a simultaneous transaction and only if (i) a nationally recognized firm of independent certified public accountants shall certify that (a) such substitute securities or reinvested securities (after such reinvestment), together with the Defeasance Securities and cash which will continue to be held in the Escrow Fund, will mature in such principal amounts and earn interest in such amounts and at such times so that sufficient monies will be available from such maturing principal and interest to pay, as the same become due, without any further investment, all principal of and interest on the applicable Refunded Notes that has not previously been paid, and (b) the amounts and dates of the anticipated payments by the Escrow Agent of the principal of and interest on the applicable Refunded Notes will not be diminished or postponed thereby, and (ii) the Commission and the Escrow Agent shall have received an Opinion of Bond Counsel (as defined in the Indenture) to the effect that the sale, transfer, redemption, reinvestment or other disposition and substitution of such Defeasance Securities, as provided in this Subsection (e)(iii) does not cause interest on the Refunded Notes to be included in gross income for purposes of federal income taxation under relevant provisions of the Internal Revenue Code of 1986.

(iv) If the Escrow Agent learns that the Department of the Treasury or the Bureau of the Fiscal Service will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Escrow Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the Commission with respect to funds which were to be invested in SLGS. The Escrow Agent shall follow such instructions and, upon the

maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the Commission. In the absence of investment instructions from the Commission, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Commission's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

SECTION 3. Resignation and Removal of Escrow Agent. The Escrow Agent may at any time resign and be discharged of the duties and obligations hereunder by giving at least thirty (30) days' prior notice to the Commission. The Escrow Agent may be removed upon thirty (30) days' prior written notice by an instrument in writing signed by the Commission. In either such event, the Commission shall appoint a successor escrow agent by an instrument in writing. Any such resignation or removal shall become effective upon acceptance of appointment of a successor escrow agent. If a successor has not been appointed within 30 days of the delivery of such notice of resignation or removal, the Escrow Agent may petition a court of competent jurisdiction for the appointment of a successor.

SECTION 4. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 5. Escrow Agent's Authority to Make Investments. Except as expressly provided in Sections 1 and 2 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer or otherwise dispose of the moneys held hereunder.

SECTION 6. Indemnity. The Commission hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, directors, officers, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Commission or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the Commission shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the willful breach by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the Commission or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

SECTION 7. Responsibilities of Escrow Agent. The Escrow Agent and its employees, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Funds, the acceptance of the moneys, the sufficiency of the moneys held in the Escrow Funds to pay the Refunded Notes or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Commission, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the moneys held in the Escrow Fund to accomplish the refunding of the Refunded Notes, or to the validity of this Escrow Agreement as to the Commission and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Commission, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Commission. Notwithstanding anything in this Escrow Agreement to the contrary, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of such loss or damage and regardless of the form of action. No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or

assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Escrow Agreement and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Commission shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Commission whenever a person is to be added or deleted from the listing. If the Commission elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent’s understanding of such Instructions shall be deemed controlling. The Commission understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Commission shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Commission and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Commission. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Commission agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Commission; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

SECTION 8. Amendments. This Escrow Agreement is made for the benefit of the Commission and the owners from time to time of the Refunded Notes and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the Commission; provided, however, that the Commission and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not materially adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Escrow Agreement or the applicable document pursuant to which such Refunded Notes were issued, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect

or omission in this Escrow Agreement and (ii) to include under this Escrow Agreement additional funds, securities or properties. The Escrow Agent shall be entitled to rely conclusively upon an opinion of nationally recognized municipal bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Refunded Notes or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 9. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which all of the Refunded Notes have been paid in accordance with this Escrow Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 2(c) of this Escrow Agreement.

SECTION 10. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Commission; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement.

SECTION 11. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Commission or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 12. Counterparts; Electronic Signatures. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Each of the parties hereto agrees that the transaction consisting of this Escrow Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Escrow Agreement using an electronic signature, it is signing, adopting, and accepting this Escrow Agreement and that signing this Escrow Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Escrow Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Escrow Agreement in a usable format.

SECTION 13. Governing Law. THIS ESCROW AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

SECTION 14. Insufficient Funds. If at any time the moneys in the Escrow Fund will not be sufficient to make all payments required by this Escrow Agreement, the Escrow Agent shall notify the Commission in writing, immediately upon becoming aware of such deficiency, of the amount thereof and the reason therefor, if known. The Escrow Agent shall have no further responsibility regarding any such deficiency.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers and attested as of the date first above written.

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By _____
Director of Finance

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By _____
Authorized Officer

SCHEDULE I
DEFEASANCE SECURITIES IN ESCROW FUND

DRAFT

DRAFT

SCHEDULE II
ESCROW REQUIREMENTS FOR REFUNDED NOTES

DRAFT

DRAFT

EXHIBIT A

NOTICE OF DEFEASANCE

TO THE OWNERS OF

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION SUBORDINATE SALES TAX REVENUE SHORT-TERM NOTES (LIMITED TAX BONDS), 2018 SERIES A

NOTICE IS HEREBY GIVEN to the owners of the outstanding San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A further described in the table below (collectively, the “Defeased Notes”), there has been deposited with U.S. Bank National Association, as escrow agent (the “Escrow Agent”), moneys and federal securities paying principal and interest in an amount which, together with the amounts held as cash, will be sufficient (as evidenced by the accountants’ report delivered to the Escrow Agent) to pay the interest due and payable on the Defeased Notes through and including April 1, 2021 and to pay the principal amount of the Defeased Notes on the maturity date of April 1, 2021. The principal of, and interest on, such Defeased Notes shall be paid only from amounts deposited with the Escrow Agent as aforesaid. As a result of such deposit, such Defeased Notes are deemed to have been paid in accordance with the applicable provisions of the Subordinate Indenture, dated as of April 1, 2018 (as supplemented and amended), between the Commission and U.S. Bank National Association, as trustee (the “Trustee”), pursuant to which the Defeased Notes were issued.

Defeased Notes

Maturity Date (April 1)	Principal Amount	Interest Rate	CUSIP* (797400)
2021	\$437,480,000	4.000%	KY3
2021	100,000,000	3.000	KZ0

**The Commission and the undersigned Escrow Agent and Trustee shall not be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their correctness indicated in this Notice. They are included solely for the convenience of the noteholders.*

Dated: March __, 2021

By: U.S. Bank National Association, as Escrow Agent and Trustee

SANDAG Commitment to Equity Statement

Overview

SANDAG staff developed a Commitment to Equity Statement to capture the agency's unequivocal commitment to anti-racism and provide a foundation from which to develop an equity action plan in 2021. Staff brought the statement to the Board of Directors on January 22, 2021, for approval. The Board created a subcommittee to review the statement and bring a recommendation back to the Board.

The Commitment to Equity Statement Ad Hoc Subcommittee met on January 28, 2021, to review two working drafts. Board member and Lemon Grove Mayor Raquel Vasquez chaired the meeting. The subcommittee voted unanimously on a Commitment to Equity Statement and is making its recommendation to the Board.

Prior to the Board meeting on January 22, 2021, the Community Based Organizations Working Group, the Tribal Transportation Working Group, and the Social Services Transportation Advisory Council discussed and gave input for the statement. At its February 4, 2021, meeting, the Community Based Organizations Working Group approved a Resolution (Attachment 2) to reaffirm their support for the draft Equity Statement.

Key Considerations

The SANDAG Commitment to Equity Statement is the foundation for the actions SANDAG will take to incorporate diversity, equity, and inclusion in all programs, projects, and policies. In 2020, the courage of the Black Lives Matter movement in the face of police brutality stood out and became a beacon for government and private companies to rethink policies that have allowed systemic racism to continually influence and uphold inequality in government actions and projects. SANDAG will develop an Equity Action Plan in 2021, to guide the agency in acknowledging past decisions that divided communities and marginalized groups and create new policies for inclusive outreach efforts that incorporate needs and opinions from historically marginalized groups and communities.

SANDAG recognizes that systemic infrastructural racism, the practice of redlining, and impacts of lost tribal land have led to inequity throughout the region. SANDAG has a responsibility to listen to the communities we serve, learn from experience, and reverse institutional racism so that the agency can lead our region toward an inclusive and equitable future. The Commitment to Equity Statement, as recommended by the Ad Hoc Subcommittee, and the SANDAG Equity Action Plan to be developed this year, will drive change.

Action: Approve

The Commitment to Equity Statement Ad Hoc Subcommittee recommends that the Board of Directors approve the SANDAG Commitment to Equity Statement.

Fiscal Impact:

The cost of the equity action plan will be developed in conjunction with the draft FY 2022 Annual Program Budget, which is expected to be reviewed by the Board of Directors in March 2021.

Schedule/Scope Impact:

The Equity Action Plan will be developed and established by winter 2021.

Next Steps

The Equity Statement sets forth a commitment on the part of the Board to address systemic racism in all its forms and to establish a meaningful and relevant equity action plan that will guide SANDAG as it carries out its multi-faceted functions. Staff will share the SANDAG Commitment to Equity Statement with agency partners; incorporate the statement into agency communication; and commence developing the Equity Action Plan, which will be brought back to the Board for review later this year. As a component of the Equity Action Plan, staff is developing a Regional Social Equity Planning Framework for the 2021 Regional Plan and will present this to the Board for consideration in the spring.

Hasan Ikhata, Executive Director

Key Staff Contact: Irene McCormack, (619) 699-1960, irene.mccormack@sandag.org

Attachments:

1. Commitment to Equity Statement as recommended by the Commitment to Equity Statement Ad Hoc Subcommittee.
2. Resolution 2021-1: A Resolution of Community Based Organizations Working Group Recommending the Proposed SANDAG Commitment to Equity Statement to the Board of Directors)
3. Community Based Organizations Working Group Membership Roster

Equity Statement Recommendation to the Board from the Commitment to Equity Statement Ad Hoc Subcommittee

The Ad Hoc Committee recommends that Working Draft II from the January 22, 2021 Board meeting be amended with the one highlighted addition shown below and be forwarded to the Board for approval at its February 22, 2021 meeting.

Our Commitment to Equity

We hold ourselves accountable to the communities we serve. We acknowledge we have much to learn and much to change; and we firmly uphold equity and inclusion for every person in the San Diego region. This includes historically underserved, systemically marginalized groups impacted by actions and inactions at all levels of our government and society.

*We have an obligation to eliminate disparities and ensure that safe, healthy, accessible, and inclusive opportunities are available to everyone. In 2021, SANDAG will develop an equity action plan that will inform how we plan, prioritize, **fund**, and build projects and programs; frame how we work with our communities; define how we recruit and develop our employees; guide our efforts to conduct unbiased research and interpret data; and set expectations for companies and stakeholders that work with us.*

We are committed to creating a San Diego region where every person who visits, works, and lives can thrive.



401 B Street, Suite 800
San Diego, CA 92101
Phone (619) 699-1900
Fax (619) 699-1905
sandag.org

Resolution No. 2021-01

A Resolution of Community Based Organizations Working Group Recommending the Proposed SANDAG Commitment to Equity Statement to the Board of Directors

WHEREAS, SANDAG is required to develop a public participation plan that describes explicit procedures, strategies, and desired outcomes for seeking out and considering the needs of those traditionally underserved by existing transportation systems; and

WHEREAS, SANDAG established the Community Based Organizations Working Group (Working Group) to provide a forum for meaningful input from disadvantaged or underrepresented communities in the San Diego region into key activities associated with developing the 2021 Regional Plan; and

WHEREAS, the Working Group is also charged with providing input on related planning activities with a focus on the social equity perspective; and

WHEREAS, the Working Group is comprised of 12 representatives from community-based organizations (CBOs) or community collaboratives serving disadvantaged or underrepresented communities in the region; and

WHEREAS, on January 7, 2021, the Working Group discussed the Draft SANDAG Commitment to Social Equity Statement and provided recommended revisions. Specifically, the Working Group discussed at length the groups historically underserved by actions and inactions at all levels of our government and society, and determined that a complete description of historically marginalized groups would be unattainable and would only serve to diminish the impact of the Statement and its commitments; NOW THEREFORE

BE IT RESOLVED, the Community Based Organizations Working Group recommends that the SANDAG Board of Directors approve the proposed SANDAG Commitment to Equity Statement (Exhibit 1).

PASSED AND ADOPTED this 4th day of February, 2021.

Attest:

Chair

Secretary

SANDAG

2021 Regional Plan Community-Based Organizations Working Group

Membership

The purpose of the 2021 Regional Plan Community-Based Organizations Working Group (Working Group) is to provide ongoing public input from disadvantaged or underrepresented communities in the region into key activities associated with developing 2021 Regional Plan and related planning activities with a focus on the social equity perspective.

The Working Group will meet monthly. Meetings will typically be held on the first Thursday of each month from 10 to 11:30 a.m. at SANDAG offices.

Staff contact: Jane Clough, (619) 699-1909, jane.clough@sandag.org

MEMBERS

Hon. Vivian Moreno, Chair

Councilmember, City of San Diego
SANDAG Board Alternate

Craig Jones

Ex-officio Board Member
Alliance for Regional Solutions

Rose Ceballos

Director of Social Services
Bayside Community Center

Brendaly Rodriguez

Executive Director
Chula Vista Community Collaborative

Dana Stevens

President of Board of Directors
El Cajon Collaborative

Elizabeth Lou

President & Chief Executive Officer
Nile Sisters Development Initiative

Fe Seligman

Grants and Programs Director
Samahan Health Centers

Erica Leary

Program Manager
Vista Community Clinic

Lisa Cuestas

Community Development Director
Casa Familiar

Randy Torres-VanVleck

Senior Program Manager
City Heights Community Development Corporation

Lilian Serrano

Researcher
National Latino Research Center
California State University of San Marcos

Jen Nation

Executive Director
Olivewood Gardens

Barry Pollard

Executive Director
Urban Collaborative Project

2021 Regional Plan: Moving from the Vision to the Plan

Overview

In August 2020, staff presented the Vision for the 2021 Regional Plan - a bold new transportation vision that directly addresses traffic congestion, social equity, and state and federal mandates, and could serve the transportation needs of the San Diego region for generations to come. Since then, the team has been sharing the Vision, refining network components, defining key land use and planning assumptions, and completing the modeling and analysis that turns the Vision into the 2021 Regional Plan.

Key Considerations

The Vision for the 2021 Regional Plan reimagines the transportation system using a data-driven planning process and the 5 Big Moves—inter-reliant strategies that provide a regional system of Complete Corridors that are managed in real time by the Next Operating System (Next OS) to create capacity and keep the transportation system operating smoothly and safely for all modes. Transit Leap and Flexible Fleet services connect a network of Mobility Hubs that covers the region’s population centers, major employment centers, and other key activity centers across the region.

The 2021 Regional Plan will describe how the transportation system in the Vision can be realized by 2050, with a few refinements from what was presented to the Board of Directors in August 2020. Based on input and further analysis, the commuter rail network is proposed to provide upgrades to the LOSSAN corridor rather than a new parallel route and include improved connections in Sorrento Mesa and University City.

Addressing our Challenges

The Vision laid out three key challenges the region faces – worsening traffic congestion, growing inequities, and aggressive state and federal mandates around climate change and air quality.

The 2021 Regional Plan must comply with specific state and federal mandates, including a Sustainable Communities Strategy (SCS), per Senate Bill 375 (SB 375), that achieves greenhouse gas (GHG) emission reduction targets set by the California Air Resources Board; compliance with federal civil rights requirements (Title VI); and environmental justice considerations, air quality conformity, and public participation.

Capital investments alone cannot fully address social inequities, achieve desired congestion relief, or meet GHG emission reduction mandates. As such, the Regional Plan includes a package of policies and programs focused on transportation technologies, sustainable growth and development, and innovative demand management to complement and enhance the capital investments. It also includes support for on-going operational needs of the overall system. Together, the integrated system of capital investments, policies, and programs influence our ability to achieve these three challenges:

Action: Discussion

An overview of the development process for the 2021 Regional Plan, initial performance results, key planning assumptions, and milestones for this year will be presented.

Fiscal Impact:

Funding for development of the 2021 Regional Plan is included in Overall Work Program Element Nos. 3102000 and 3102005 in the FY 2021 Program Budget.

Schedule/Scope Impact:

The draft 2021 Regional Plan and draft Environmental Impact Report (EIR) are expected to be released for review by the Board of Directors and public comment in spring and summer 2021, respectively.

Congestion: providing alternatives to driving frees up more roadway space for people that need to drive and managing the system with the latest technology can make traffic smoother, prioritize non-solo driving, and create a safer environment for all. Congestion primarily occurs during peak periods when 80% of commuters drive alone and only 3% take transit to work. Initial modeling results show that with implementation of the Regional Plan, commuters are offered a compelling option to driving that increases the use of transit to 15% and decreases driving alone to 56% by 2050.

Social Equity: it takes both land use and transportation planning to fix historic inequities created by all levels of government and to prioritize the ability to access basic needs and economic opportunities for those with the lowest access. Initial performance results show a three-fold increase in social equity focused populations (people with low-income, people of color, and seniors) living within 0.5 miles of a commuter rail, light rail, or *Rapid* transit stop. While currently just 16% of low-income residents can access Tier 1 employment centers in 30 minutes via transit, that number doubles by 2050 with implementation of the Regional Plan. Initial findings of the Regional Plan's social equity analysis were recently presented to the Social Equity Working Group and are available here: https://sandag.org/uploads/meetingid/meetingid_5780_28672.pdf

State/Federal Mandates: reducing GHG emissions requires both transportation and land use strategies- transportation strategies that reduce reliance on the car as a primary mode of transportation by offering safe, affordable, convenient alternatives to driving and ensuring that people can access jobs and services in shorter trips, and land use strategies that focus growth and development in the region's urbanized areas where there are existing and planned transportation options. Initial modeling and analysis of the integrated transportation system and accompanying policies shows that the region can achieve its target of 19% reduction in per capita GHG emissions by 2035.

Our Future Success Requires Early Action

The phasing of capital investments, programs, and policies is an important consideration of the Regional Plan. In the first 14 years, the region must demonstrate how it will reduce GHG emissions to meet state mandates. The investments by 2035 are based on the critical connections, project readiness, social equity, anticipated revenues, and the integration of the 5 Big Moves. The proposed projects, programs, and policies by 2035 are centered on advancing our ability to address social equity and congestion while meeting the region's GHG reduction target and include:

- **Making the most out of our existing transportation system** by developing a system of managed lanes coupled with Next OS technology to support efficient movement of people and goods and increasing transit service hours and frequencies, subsidizing transit fares, and building out an extensive system of *Rapid* transit to make transit more convenient, affordable, and increase access for historically underserved communities.
- **Advancing work on the commuter rail system** by double tracking the LOSSAN corridor, relocating tracks off the Del Mar Bluffs, and building a critical commuter rail connection from South Bay to Sorrento Valley
- **Investing in communities** to support mobility options and close the first/last mile gap with Flexible Fleet pilots, complete street improvements, Mobility Hub amenities, electric vehicle charging, local bike projects, and smart intersections including development of the Central Mobility Hub and San Ysidro Mobility Hub
- **Supporting sustainable planning** with local programs to advance efforts on affordable housing, safety, climate resilience, open space preservation, and focus development in mobility hub and transit priority areas
- **Managing system demands** with employer-focused programs to encourage alternative modes and pricing strategies to ease congestion and enhance transportation revenues

Next Steps

Prior to release of the draft 2021 Regional Plan in May 2021, more information on the following components of the Regional Plan will be presented to the Board in March and April 2021:

- Pricing and funding assumptions
- Social Equity
- Technology considerations
- Alignment of state, regional, and local planning

The Board will be asked to consider adoption of the 2021 Regional Plan and certification of the Final EIR in fall 2021.

Hasan Ikhata, Executive Director

Key Staff Contacts: Coleen Clementson, (619) 699-1944, coleen.clementson@sandag.org
Ray Major, (619) 595-5668, ray.major@sandag.org