

SANDAG

Board of Directors Agenda

Friday, January 22, 2021

9 a.m.

****Teleconference Meeting****

MEETING ANNOUNCEMENT AMIDST COVID-19 PANDEMIC:

The Board of Directors meeting scheduled for Friday, January 22, 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: zoom.us/j/95381057360
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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 "January 22 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, January 21 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.

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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
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Board of Directors

Friday, January 22, 2021

Item No.		Action
1.	Public Comments/Communications/Member Comments Public comments under this agenda item will be limited to five public speakers. 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.	
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 provided.	Discussion
Consent		
+4.	Approval of Meeting Minutes +4A. December 4, 2020, Board Policy Meeting Minutes +4B. December 18, 2020, Board Business Meeting Minutes +4C. January 8, 2021, Meeting Minutes	Approve
+5.	Enterprise Resource Planning System Solicitation <i>Julie Wiley, SANDAG</i> The Board of Directors is asked to authorize the Executive Director to conduct a solicitation for an Enterprise Resource Planning System.	Approve
+6.	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
+7.	Memorandum of Agreement with the County of San Diego: TransNet Debt Financing Program* <i>Dawn Vetesse, SANDAG</i> The Transportation Committee recommends 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 <i>TransNet</i> Debt Financing Program; and 2. Approve a repayment period of up to ten years.	Approve

+8.	TransNet Interfund Loan: Environmental Mitigation Program* <i>Dawn Vetesse, SANDAG</i> The Transportation Committee recommends 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 <i>TransNet</i> Extension Ordinance in an amount not to exceed \$56 million.	Approve
+9.	Specialized Transportation Grant Program and Impacts from COVID-19 <i>Zachary Rivera, SANDAG</i> The Transportation Committee recommends 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.	Approve
+10.	Executive Director Delegated Actions* <i>Kim Monasi, SANDAG</i> In accordance with various Board Policies, this report summarizes delegated actions taken by the Executive Director since the last Board of Directors meeting.	Information
+11.	Meetings and Events Attended on Behalf of SANDAG <i>Francesca Webb, SANDAG</i> Board members will provide brief reports orally or in writing on external meetings and events attended on behalf of SANDAG since the last Board Business meeting.	Information

Chair's Reports

+12.	Election of 2021–2022 SANDAG Board Vice Chair The Board of Directors is asked to conduct an election for the SANDAG Board Vice Chair position for the 2021–2022 term. Additionally, the Board is asked to discuss reinstatement of the Second Vice Chair position.	Approve
+13.	Audit Committee and Litter Abatement Subcommittee Membership The SANDAG Board Chair is seeking additional Board representatives to serve on the Audit Committee and the Litter Abatement Subcommittee. If members are interested in serving on either body, please reach out to the Clerk of the Board by Monday, February 1, 2021.	Information

Reports

+14.	SANDAG Commitment to Equity Statement <i>Irene McCormack, SANDAG</i> The Board of Directors is asked to approve the SANDAG Commitment to Equity Statement.	Approve
+15.	SANDAG Disadvantaged Business Enterprise and Workforce Utilization Program Update <i>Elaine Richardson, SANDAG</i> An update on the SANDAG Disadvantaged Business Enterprise and Small Business programs, including progress toward meeting the Triennial Disadvantaged Business Enterprise Goal, will be presented.	Information
+16.	Bridging the Digital Divide in the San Diego Region <i>Antoinette Meier, SANDAG</i> The Board of Directors is asked to adopt Resolution No. 2021-09, supporting increased broadband access to bridge the digital divide throughout the San Diego region. The Board also is asked to encourage member agencies to adopt similar resolutions within their jurisdictions.	Adopt
+17.	TransNet Program: Financial Strategies <i>André Douzajian, SANDAG</i> <i>Peter Shellenberger, Public Financial Management</i> <i>Victor Hsu, Norton Rose Fulbright LLP</i> <i>Devin Brennan, Orrick, Herrington & Sutcliffe LLP</i> <i>Russ Trice, Norton Rose Fulbright LLP</i>	Discussion
	+17A. TransNet Proposed 2021 Bond Issuance: Refunding and New Debt* 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 <i>TransNet</i> Major Corridors program will be presented.	
	+17B. TransNet Proposed 2021 Short-Term Notes Refunding* An overview of a proposed Short-Term Notes Refunding of \$537.5 million will be presented.	
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. 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.

- +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)

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.

21. Upcoming Meetings

Information

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

22. 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

December 4, 2020, Board of Directors Meeting Minutes

Chair Steve Vaus (City of Poway) called the meeting of the Board of Directors to order at 9 a.m.

Action: Approve

The Board of Directors is asked to approve the minutes from its December 4, 2020, meeting.

1. Public Comments/Continued Public Comments

Council President Georgette Gomez (City of San Diego, Seat B) thanked members for her experiences on the Board.

Gustavo Dallarda, Caltrans, provided updates on Caltrans programs and projects, including highway safety efforts.

Mayor Kevin Faulconer (City of San Diego, Seat A) thanked members and expressed his confidence in the future work of the Board.

Mayor Ellie Havilland (City of Del Mar) thanked members and SANDAG staff for her experiences on the Board.

Report

6. Election of 2021–2022 SANDAG Board Chair (Approve)*

*This item was taken out of order.

Gretchen Newsom, member of the public, spoke in support of the election of Vice Chair Catherine Blakespear (City of Encinitas) for Chair.

Noah Harris, member of the public, spoke in support of the election of Vice Chair Blakespear for Chair.

Nicole Burgess, member of the public, spoke in support of the election of Vice Chair Blakespear for Chair.

Andy Hanshaw, member of the public, spoke in support of the election of Vice Chair Blakespear for Chair.

The Board of Directors was asked to conduct an election for the SANDAG Board Chair position for the 2021–2022 term. Additionally, the Board was asked to determine the timing for election of the SANDAG Vice Chair position, which would be conducted at a future meeting.

Action: Upon a motion by Mayor Kevin Faulconer (City of San Diego, Seat A) and a second by Mayor Alejandra Sotelo-Solis (City of National City), the Board of Directors voted to elect Vice Chair Blakespear to the Chair position for the 2021-2022 term. The vote was conducted solely by a weighted vote.

Yes: Chair Vaus, Vice Chair Blakespear, Councilmember Cori Schumacher (City of Carlsbad), Mayor Mary Salas (City of Chula Vista), Mayor Richard Bailey (City of Coronado), Supervisor Jim Desmond (County of San Diego, Seat A), Mayor Havilland, Mayor Bill Wells (City of El Cajon), Mayor Paul McNamara (City of Escondido), Mayor Serge Dedina (City of Imperial Beach), Mayor Racquel Vasquez (City of Lemon Grove), Mayor Sotelo-Solis, Councilmember Christopher Rodriguez (City of Oceanside), Mayor Faulconer, Council President Gomez, Mayor Rebecca Jones (City of San Marcos), Mayor John Minto (City of Santee), Councilmember David Zito (City of Solana Beach), and Mayor Judy Ritter (City of Vista) (90.5%).

No: None (0%).

Abstain: None (0%).

Absent: County of San Diego, Seat B; and City of La Mesa (9.5%).

Action: Upon a motion by Mayor Sotelo-Solis, and a second by Council President Gomez, the Board of Directors voted to hold the election of the Vice Chair at the January 22, 2021 Board of Directors meeting.

Yes: Chair Vaus, Vice Chair Blakespear, Councilmember Schumacher, Mayor Salas, Mayor Bailey, Supervisor Desmond, Mayor Haviland, Mayor Wells, Mayor McNamara, Mayor Dedina, Mayor Vasquez, Mayor Sotelo-Solis, Councilmember Rodriguez, Council President Gomez, Mayor Jones, Mayor Minto, Councilmember Zito and Mayor Ritter.

No: None.

Abstain: None.

Absent: City of La Mesa.

2. Policy Advisory Committee Chairs' Report

Vice Chair Blakespear provided an update on Litter Abatement Subcommittee 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. Policy Advisory Committee Actions (Approve)

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

5. 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.

Action: Upon a motion by Council President Gomez, and a second by Mayor Sotelo-Solis, the Board of Directors voted to approve Consent Item Nos. 4 and 5.

Yes: Chair Vaus, Vice Chair Blakespear, Councilmember Schumacher, Mayor Salas, Mayor Bailey, Supervisor Desmond, Mayor Haviland, Mayor Wells, Mayor McNamara, Mayor Dedina, Mayor Vasquez, Mayor Sotelo-Solis, Councilmember Rodriguez, Council President Gomez, Mayor Jones, Mayor Minto, Councilmember Zito and Mayor Ritter.

No: None.

Abstain: None.

Absent: City of La Mesa.

6. Continued Public Comments

None.

7. Upcoming Meetings

The next Board of Directors meeting is scheduled for December 18, 2020, at 9 a.m.

8. Adjournment

Chair Vaus adjourned the meeting at 11:25 a.m.

Confirmed Attendance at Board of Directors Meeting

Board of Directors	Title	Name	Attend Virtually
City of Carlsbad	Councilmember	Cori Schumacher (Primary)	Yes
City of Chula Vista	Mayor	Mary Salas (Primary)	Yes
City of Coronado	Mayor	Richard Bailey (Primary)	Yes
County of San Diego	Supervisor	Jim Desmond (Primary)	Yes
County of San Diego	Supervisor	Kristin Gaspar (Primary)	No
City of Del Mar	Mayor	Ellie Haviland (Primary)	Yes
City of El Cajon	Mayor	Bill Wells (Primary)	Yes
City of Encinitas	Vice 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	Bill Baber (Primary)	No
City of Lemon Grove	Mayor	Racquel Vasquez	Yes
City of National City	Mayor	Alejandra Sotelo-Solis (Primary)	Yes
City of Oceanside	Councilmember	Christopher Rodriguez (Primary)	Yes
City of Poway	Chair	Steve Vaus (Primary)	Yes
City of San Diego	Mayor	Kevin Faulconer	Yes
City of San Diego	Council President	Georgette Gomez	Yes
City of San Marcos	Mayor	Rebecca Jones (Primary)	Yes
City of Santee	Mayor	John Minto (Primary)	Yes
City of Solana Beach	Councilmember	David Zito (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)	Yes
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		April Boling (Primary)	Yes
Mexico	Consul General	Carlos González Gutiérrez (Primary)	No
SCTCA	Chairman	Cody Martinez	No

December 18, 2020, Board of Directors Meeting Minutes

Chair Steve Vaus (Poway) called the meeting of the Board of Directors to order at 9 a.m.

Action: Approve

The Board of Directors is asked to approve the minutes from its December 18, 2020, meeting.

2. Public Comments/Continued Public Comments

Luis Rodolico, member of the public, spoke regarding the Westfield corporation and traffic volumes in the University City area.

Dan Summers, member of the public, spoke regarding equity and climate change issues in Ramona and the SR 67 corridor.

3. Policy Advisory Committee Chairs' Report

Supervisor Jim Desmond (County of San Diego) reported on actions taken by the Transportation Committee at its last meeting.

4. 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

1. Approval of Meeting Minutes (Approve)*

*This item was taken out of order.

Councilmember David Zito (City of Solana Beach) noted an error in the voting record for Item 14 of the November 20, 2020, minutes, and also that a substitute motion on that item made by Mayor Jones was not included in the record. Executive Director Ikhata noted the error and that it would be corrected by staff.

The Board was asked to approve the minutes from its November 20, 2020, Board Business meeting.

5. Draft 2021 Regional Transportation Improvement Program, Including Air Quality Conformity Determination (Accept)

The Transportation Committee recommended that the Board accept the draft 2021 Regional Transportation Improvement Program, including its air quality conformity analysis and draft air quality conformity redetermination of the revenue constrained San Diego Forward: The 2019 Federal Regional Transportation Plan, for distribution for a 30-day public review and comment period.

6. Fixing America's Surface Transportation Act: Performance Management Safety Targets (Approve)

The Transportation Committee recommended that the Board approve:

1. Supporting the 2021 statewide safety targets established by Caltrans, in accordance with the Fixing America's Surface Transportation Act; and

2. The 2020 regional public transportation safety targets developed with San Diego Metropolitan Transportation System and North County Transit District, in accordance with the Fixing America's Surface Transportation Act.

7. Policy Advisory Committee Actions (Approve)

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

8. FY 2020 Transportation Development Act Audit Extension Requests (Approve)

The Board was asked to approve the FY 2020 Transportation Development Act audit extension requests for the Cities of National City, Solana Beach, Chula Vista, La Mesa, and San Diego until March 27, 2021, as permitted by the California Public Utilities Code and the California Code of Regulations.

9. Approval of 2021 Board/Policy Advisory Committee Meeting Calendar (Approve)

The Board was asked to approve the 2021 Board/Policy Advisory Committee meeting calendar.

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 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.

Action: Upon a motion by Councilmember Zito, and a second by Mayor Alejandra Sotelo-Solis (City of National City), the Board was asked to approve Consent Item Nos. 1 and 5 through 11, including the amendments to Item 1 noted by Councilmember Zito.

The motion passed.

Yes: Chair Vaus, Vice Chair Blakespear, Councilmember Cori Schumacher (City of Carlsbad), Mayor Mary Salas (City of Chula Vista), Mayor Richard Bailey (City of Coronado), Supervisor Desmond, Mayor Ellie Haviland (City of Del Mar), Mayor Bill Wells (City of El Cajon), Mayor Paul McNamara (City of Escondido), Mayor Pro Tem Ed Spriggs (City of Imperial Beach), Councilmember Bill Baber (City of La Mesa), Councilmember Jennifer Mendoza (City of Lemon Grove), Mayor Sotelo-Solis, Councilmember Christopher Rodriguez (City of Oceanside), Councilmember Vivian Moreno (City of San Diego), Mayor Rebecca Jones (City of San Marcos), Mayor John Minto (City of Santee), Councilmember Zito, and Mayor Judy Ritter (City of Vista).

No: None.

Abstain: None.

Absent: None.

Reports

12. Proposed Reinstatement of SR 125 Toll Violations (Approve)

Director of Regional Transportation Services Ryan Ross presented the item.

Action: Upon a motion by Mayor Salas and a second by Chair Vaus, the Board was asked to approve the reinstatement of SR 125 toll violations, including the proposed relief measures detailed in the report, and the practice of placing vehicle registration holds with the California Department of Motor Vehicles for overdue tolls.

The motion passed.

Yes: Chair Vaus, Vice Chair Blakespear, Councilmember Schumacher, Mayor Salas, Mayor Bailey, Supervisor Desmond, Mayor Haviland, Mayor Wells, Mayor McNamara, Mayor Pro Tem Spriggs, Councilmember Baber, Councilmember Mendoza, Mayor Sotelo-Solis, Councilmember Rodriguez, Councilmember Moreno, Mayor Jones, Mayor Minto, Councilmember Zito, and Mayor Ritter.

No: None.

Abstain: None.

Absent: None.

14. Continued Public Comments*

*This item was taken out of order.

Independent Performance Auditor Mary Khoshmashrab thanked Board members for their support over the past year and welcomed incoming Chair Blakespear and new Board members.

13. Closed Session: Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8 and Legal Counsel Pursuant to Government Code Section 54956.9(d)(2) Regarding Property Leased to ACE Parking for the Downtown Bus Stopover Project

The Board of Directors was briefed on COVID-19 related lease negotiations with ACE Parking regarding property located at 1240-1250 Union Street and 301-305 West A Street, San Diego, CA 92101, acquired by SANDAG for the Downtown Bus Stopover project.

Chair Vaus reconvened the Open Session at 11:24 a.m.

General Counsel John Kirk reported the following out of closed session: The Board met in closed session on Item No. 13 and was briefed on the status of lease negotiations with ACE Parking; there are no reportable actions at this time. Any final action will be disclosed as a delegated action.

15. Upcoming Meetings

The next Board of Directors meeting is scheduled for January 8, 2021, at 9 a.m.

16. Adjournment

Chair Vaus adjourned the meeting at 11:25 a.m.

Confirmed Attendance at Board of Directors Meeting

Board of Directors	Title	Name	Attend Virtually
City of Carlsbad	Councilmember	Cori Schumacher (Primary)	Yes
City of Chula Vista	Mayor	Mary Salas (Primary)	Yes
City of Coronado	Mayor	Richard Bailey (Primary)	Yes
County of San Diego	Supervisor	Jim Desmond (Primary)	Yes
County of San Diego	Supervisor	Kristin Gaspar (Primary)	No
City of Del Mar	Mayor	Ellie Haviland (Primary)	Yes
City of El Cajon	Mayor	Bill Wells (Primary)	Yes
City of Encinitas	Vice Chair	Catherine Blakespear (Primary)	Yes
City of Escondido	Mayor	Paul McNamara (Primary)	Yes
City of Imperial Beach	Mayor Pro Tem	Ed Spriggs (1st Alt.)	Yes
City of La Mesa	Councilmember	Bill Baber (Primary)	Yes
City of Lemon Grove	Councilmember	Jennifer Mendoza (2nd Alt.)	Yes
City of National City	Mayor	Alejandra Sotelo-Solis (Primary)	Yes
City of Oceanside	Councilmember	Christopher Rodriguez (Primary)	Yes
City of Poway	Chair	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	Councilmember	David Zito (Primary)	Yes
City of Vista	Mayor	Judy Ritter (Primary)	Yes
Caltrans		Gustavo Dallarda (1st Alt.)	No
Metropolitan Transit System	Councilmember	Paloma Aguirre (Primary)	No
North County Transit District	NCTD Chair	Tony Kranz (Primary)	Yes
Imperial County	Supervisor	Sup. Jesus Escobar (Primary)	No
U.S. Department of Defense		Joe Stuyvesant (Primary)	No
Port of San Diego	Commissioner	Garry Bonelli (Primary)	No
San Diego County Water Authority	Councilmember	Mel Katz (Primary)	Yes
San Diego County Regional Airport Authority		April Boling (Primary)	Yes
Mexico	Consul General	Carlos González Gutiérrez (Primary)	No
SCTCA	Chairman	Cody Martinez	Yes

January 8, 2021, Board of Directors Meeting Minutes

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

Action: **Approve**

The Board of Directors is asked to approve the minutes from its January 8, 2021, meeting.

1. Public Comments/Continued Public Comments

None.

2. 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.

Report

3. COVID-19: Update from the County of San Diego (Information)

Public health professionals from the County of San Diego provided an update on the County's response to COVID-19 in the San Diego region with a focus on the vaccine distribution and phases.

Action: Information only.

4. 2021 Priority Projects Overview (Information)

Chief Planning and Innovation Officer Ray Traynor and Chief Financial Officer Andre Douzdzian presented an overview of major SANDAG project and program milestones in 2021.

Action: Information only.

5. Continued Public Comments

None.

6. Upcoming Meetings

The next Board of Directors meeting is scheduled for January 22, 2021, at 9 a.m.

7. Adjournment

Chair Blakespear adjourned the meeting at 11:25 a.m.

Confirmed Attendance at Board of Directors Meeting

Board of Directors	Title	Name	Attend Virtually
City of Carlsbad	Councilmember	Cori Schumacher (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)	Yes
City of Del Mar	Mayor	Terry Gaasterland (Primary)	Yes
City of El Cajon	Mayor	Bill Wells (Primary)	Yes
City of Encinitas	Vice 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	Bill Baber (Primary)	Yes
City of Lemon Grove	Mayor	Racquel Vasquez	Yes
City of National City	Mayor	Alejandra Sotelo-Solis (Primary)	Yes
City of Oceanside	Councilmember	Christopher Rodriguez (Primary)	Yes
City of Poway	Chair	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	Councilmember	David Zito (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)	Yes
Imperial County	Supervisor	Sup. Jesus Escobar (Primary)	Yes
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.)	Yes
Mexico		Natalia Figueroa (2nd Alt.)	Yes
SCTCA	Chairman	Cody Martinez	Yes

Enterprise Resource Planning System Solicitation

Overview

Pursuant to direction from the Board of Directors, solicitations in excess of \$5 million and contract awards associated with an original solicitation valued at \$5 million or more are brought to the Board for approval.

SANDAG staff requests approval to solicit proposals from qualified firms that can provide an integrated cloud-based Enterprise Resource Planning (ERP) system to replace existing stand-alone systems used within the agency.

Key Considerations

SANDAG currently utilizes many standalone systems to support budgeting, financial, accounting, human resource, and payroll functions, many of which have been in place since 2008 or earlier. Replacement of SANDAG's core financial and human resources systems with a modern integrated solution is a key component of the agency's technology modernization plan.

The goal of this solicitation is to procure a system that will transform business processes in several areas:

- Increase internal controls
- Automate existing processes and maximize process efficiencies
- Reduce the need for standalone systems that each require maintenance, support, and licensing
- Streamline the flow of information throughout the organization
- Improve reporting capabilities and support for data driven decision-making
- Provide operational resiliency and flexibility during unforeseen events/disasters
- Move critical systems to a cloud-based platform allowing remote access and enhanced security

Extensive research has been performed by staff to determine SANDAG's ERP needs. The proposed solicitation includes requirements for implementation support, licensing of all software modules necessary to meet SANDAG's business needs, training, and data conversion services. Research in preparation for this procurement included review of the cost, functionality, and contract terms for ERP systems procured by agencies similar to SANDAG.

Although SANDAG contract terms are typically five years, a longer term is justified for an ERP. Due to the investment of dollars and staff time, and the extensive data migration, training, and procedural changes necessary to implement the ERP, many agencies plan for ERP contracts to have a term of between ten and 20 years. For maximum flexibility, staff recommends a contract term of up to 20 years for this procurement.

Action: **Approve**

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

Fiscal Impact:

None. Any contract resulting from the solicitation would return to the Board for approval.

Schedule/Scope Impact:

Staff recommends a contract term of up to 20 years for this procurement.

As required by federal provisions and SANDAG Board Policy No. 016: Procurement of Services, an independent cost estimate was prepared by SANDAG and resulted in an estimated contract amount between \$13.6 and \$16.6 million for a contract term of up to 20 years. The implementation costs of the proposed solicitation would be funded in the FY 2021 Program Budget through Capital Improvement Program Nos. 1130100 Financial ERP System, 1131600 Human Resource Information System, and 1147400 Content Management. Funding for future years would be subject to Board approval as part of the annual budget process. Staff anticipates the award of a single contract as a result of the solicitation.

Next Steps

Upon approval by the Board, the solicitation would be conducted consistent with relevant Board policies. The contract resulting from the solicitation would return to the Board for approval.

Hasan Ikhata, Executive Director

Key Staff Contact: Julie Wiley, (619) 699-6966, julie.wiley@sandag.org

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.

Executive Committee: January 8, 2021

Approved the draft January 22, 2021, and draft February 12, 2021, Board meeting agendas, as amended.

Transportation Committee: January 15, 2021

Approved the proposed changes to the Bayshore Bikeway Working Group Charter.

Hasan Ikhata, Executive Director

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

Memorandum of Agreement with the County of San Diego: *TransNet* Debt Financing Program

Overview

As permitted by the [TransNet Extension Ordinance](#), the County of San Diego has requested to borrow \$16 million of commercial paper through the *TransNet* Debt Financing Program to provide needed funding for the Bradley Avenue Overpass Improvement at SR 67. The County would use its annually allocated *TransNet* Local Street Improvement (LSI) funds for debt repayment and costs associated with the advance funding subject to approval by the Board of Directors and execution of a Memorandum of Agreement (MOA) (Attachment 1).

Key Considerations

- [SANDAG Board Policy No. 031](#) allows for a five-year repayment period, with commencement of repayment beginning in year three. The County is requesting an exception to this Rule so that it may continue with the project while not jeopardizing other projects scheduled to receive LSI funding earlier.
- The project meets all eligibility requirements (Attachment 2).
- Based on a ten-year projection, the County has ample capacity (Attachment 3) to cover all debt obligations while continuing to use a portion of its annually allocated *TransNet* LSI funds for other scheduled projects.
- The County of San Diego Board of Supervisors approved the terms of the MOA and borrowing of up to \$16 million at its November 18, 2020, meeting (Attachment 4).
- Using Commercial Paper on the project will benefit the general public by addressing the congestion issues with SR 67.

At its meeting on January 13, 2021, the Independent Taxpayer Oversight Committee voted unanimously to recommend approval of this item.

Action: **Approve**

The Transportation Committee recommends 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..

Fiscal Impact:

The existing commercial paper agreement is set at \$100 million and can be amended if needed. As of December 2020, there is \$46.5 million in undrawn capacity. Approval of this item and the anticipated schedule to draw funds is within current capacity. When or if the schedule of anticipated draws on existing capacity exceeds the existing limit of \$100 million, the commercial paper agreement can be amended and increased.

Schedule/Scope Impact:

[SANDAG Board Policy No. 031](#) (Rule No. 16) provides local jurisdictions access to Commercial Paper through the *TransNet* Debt Financing Program, subject to approval by the Board of Directors and execution of a Memorandum of Agreement.

Next Steps

A requirement of the advance funding is to include the Commercial Paper in the Regional Transportation Improvement Plan (RTIP). Adoption of the proposed final 2021 RTIP is scheduled for consideration by the Board at its February 26, 2021, meeting and the project is included as project CNTY21.

Hasan Ikhata, Executive Director

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

Attachments:

1. Draft Memorandum of Agreement
2. Commercial Paper Requirements
3. County of San Diego Capacity Analysis
4. County of San Diego Resolution No. 20-180

**MEMORANDUM OF AGREEMENT
BETWEEN SAN DIEGO ASSOCIATION OF GOVERNMENTS, ACTING AS THE
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
AND
THE COUNTY OF SAN DIEGO
REGARDING DEBT FINANCING THROUGH THE *TRANSNET* PROGRAM
SANDAG AGREEMENT NO. S750490**

This Memorandum of Agreement ("MOA") is made and entered into effective as of this ____ day of _____, 2020, by and between the San Diego Association of Governments, acting as the San Diego County Regional Transportation Commission ("SANDAG"), and County of San Diego, a political subdivision of the State of California ("COUNTY").

RECITALS

The following recitals are a substantive part of this Agreement:

WHEREAS, SANDAG serves as the San Diego County Regional Transportation Commission, and in that role is responsible for the administration of programs under the *TransNet* Extension Ordinance (Proposition A, November 2004), which sets forth permitted uses for revenues from a ½ cent transactions and use tax in San Diego County (*TransNet* Extension Program); and

WHEREAS, in order to accelerate the implementation of *TransNet* tax funded projects, SANDAG has established a debt financing program to provide advanced funding for eligible projects under the *TransNet* Extension Ordinance; and

WHEREAS, SANDAG requires that an agency receiving proceeds from the *TransNet* debt financing program shall be responsible for its proportionate share of the issuance costs, as well as the ongoing interest and related administrative costs from the date the proceeds are issued until the principal amount of the loan is fully repaid; and

WHEREAS, the COUNTY wishes to borrow sixteen million dollars (\$16,000,000) through the *TransNet* debt financing program for its Bradley Avenue Widening and Overpass at SR 67 Project, or other projects eligible under the terms of this MOA and applicable SANDAG policies that have been approved in the Regional Transportation Improvement Program ("RTIP") and hereinafter called "PROJECTS"; and

WHEREAS, the parties wish to memorialize their agreement in this MOA to carry out the purposes set forth above.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

SANDAG AGREES:

1. To lend the COUNTY sixteen million dollars (\$16,000,000) through the *TransNet* debt financing program for the PROJECTS subject to certain conditions set forth below and SANDAG Board Policy 031 (*TransNet* Ordinance and Expenditure Plan Rules) concerning *TransNet* Extension Program loans.
2. SANDAG will transfer the borrowed funds to the COUNTY within 30 days following a request for reimbursement of valid expenditures for the PROJECTS.
3. Neither County nor any director, officer, employee or agent thereof is responsible for any damage or liability occurring by reason of anything done or omitted to be done by SANDAG under or in connection with any work, authority or jurisdiction delegated to SANDAG under this MOA. It is understood and agreed that, pursuant to Government Code Section 895.4, SANDAG shall fully defend, indemnify and save harmless County, all directors, officers, employees and agents thereof from all claims, suits or actions of every name, kind and description brought for or on account of injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by SANDAG under or in connection with any work, authority or jurisdiction delegated to SANDAG under this MOA.

THE COUNTY AGREES:

1. The governing body of the COUNTY at its October 28, 2020, meeting approved the request to borrow sixteen million dollars (\$16,000,000) through the *TransNet* debt financing program for the PROJECTS.
2. The COUNTY agrees to use the funding provided under this MOA solely for the PROJECTS. The PROJECTS consist of the acquisition or construction of public capital improvements that will be owned by the COUNTY or a state or local governmental agency. The COUNTY will not allow the funding provided by this MOA or the PROJECTS to be used (for example, by lease or contract) in the trade or business of any non-governmental persons other than in their roles as members of the general public (i.e., no private business use of the PROJECTS). The COUNTY expects to use the PROJECTS for the purposes described above for the entire useful life of the PROJECTS and will consult with SANDAG prior to any change in use of the PROJECTS.
3. The COUNTY has not and will not finance any of the costs of the PROJECTS that will be reimbursed under this MOA with proceeds of other debt issued by the COUNTY or any other entity. The COUNTY will submit a request for reimbursement of valid expenditures on a timely basis following the COUNTY's expenditures for the PROJECTS, and the COUNTY

understands that federal income tax restrictions generally limit the ability to use *TransNet* debt financing program to reimburse costs paid within the prior eighteen (18) months or with respect to an asset placed in service in the prior eighteen (18) months.

4. The COUNTY agrees to submit a request for reimbursement with all applicable documentation no more than one time per quarter with the first quarter starting on July 1st and the last quarter ending on June 30th with a minimum amount of one hundred thousand dollars (\$100,000) and in one thousand dollars (\$1,000) increments thereafter. If a reimbursement request includes an increment amount of less than one thousand dollars (\$1,000), after the first one hundred thousand dollars (\$100,000) requested, the amount in excess of a one thousand dollars (\$1,000) increment will be carried forward to the next reimbursement request.
5. The COUNTY will pay its proportionate share based on the dollar amount borrowed by the COUNTY in relation to the total amount financed of the commercial paper issuance costs, and annual debt service costs which include principal and interest payments, and annual administrative costs from the date the debt is issued until the final principal and interest amounts of the applicable commercial paper are fully repaid.
6. Repayment of the principal amount shall commence within three years of the receipt of the proceeds and shall be completed within ten years of the receipt of the proceeds. Repayment of the proceeds may be accomplished by rolling the outstanding amount into a long-term bond issued during the ten-year repayment period if the opportunity for the conversion exists and is agreed to by SANDAG. In such cases, the COUNTY would be responsible for their proportionate share based on the dollar amount borrowed by the COUNTY in relation to the total amount financed of bond issuance costs and annual debt service costs. The repayment of debt, in all cases, is the first priority on the use of the COUNTY's annual *TransNet* revenues. The accounts may be deducted and the terms of repayment are estimated in the Repayment Schedule, Attachment 1A hereto.
7. The COUNTY pledges that payment of the amounts set forth in paragraphs five (5) and six (6) above, in all cases, shall be the first priority use of the monies SANDAG would otherwise provide to the COUNTY as its annual *TransNet* revenues. The COUNTY is not able to, and agrees not to or be deemed to, subordinate SANDAG's lien on the *TransNet* revenues or establish, transfer, pledge or assign any other claim upon such funds. The amounts to be deducted and the terms of repayment (if appropriate) are estimated and set forth in the Repayment Schedule, which is Attachment 1A hereto.
8. Neither SANDAG, nor any director, officer, employee or agent thereof, is responsible for any damage or liability occurring by reason of anything done or omitted to be done by the COUNTY under or in connection with any work, authority, or jurisdiction delegated to the COUNTY under this MOA. It is understood and agreed that, pursuant to Government Code Section 895.4, the COUNTY shall fully defend, indemnify and save harmless SANDAG, the San Diego County Regional Transportation Commission, all directors, officers, employees

and agents thereof from all claims, suits or actions of every name, kind and description brought for or on account of injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by the COUNTY under or in connection with any work, authority or jurisdiction delegated to the COUNTY under this MOA, including but not limited to all causes of actions and claims related to projects financed through funding provided under this MOA.

THE PARTIES MUTUALLY AGREE:

1. That all obligations of SANDAG under the terms of this MOA are subject to the appropriation of the required resources by SANDAG and the approval of the SANDAG Board of Directors.
2. Any notice required or permitted under this MOA may be personally served on the other party, by the party giving notice, or may be served by certified mail, return receipt requested, to the following addresses:

For SANDAG:
401 B Street, Suite 800
San Diego, CA 92101
Attn: Director of Finance

For the COUNTY:
5500 Overland Ave, Suite 320
San Diego, CA 92123
Attn: Director of Public Works

3. That unless it is amended by the parties in writing, this MOA shall terminate on December 31, 2031 or on such earlier or later date as the parties may agree to in writing.
4. The indemnification provisions of this MOA shall survive termination of the MOA.
5. This MOA shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this MOA, the action shall be brought in a state or federal court situated in the County of San Diego, State of California.
6. All terms, conditions, and provisions hereof shall inure to and shall bind each of the parties hereto, and each of their respective heirs, executors, administrators, successors, and assigns.
7. For purposes of this MOA, the relationship of the parties is that of independent entities and not as agents of each other or as joint venturers or partners. The parties shall maintain sole and exclusive control over their personnel, agents, consultants, and operations.
8. No alteration or variation of the terms of this MOA shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.
9. Nothing in the provisions of this MOA is intended to create duties or obligations to or rights in third parties to this MOA or affect the legal liability of the parties to this MOA to third parties.

10. This MOA may be executed in any number of identical counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument when each party has signed one such counterpart.
11. This MOA may be executed and delivered by facsimile signature, and a facsimile signature shall be treated as an original.

IN WITNESS WHEREOF, the Parties hereto have executed this MOA effective on the day and year first above written.

SAN DIEGO ASSOCIATION OF
GOVERNMENTS

COUNTY OF SAN DIEGO

ANDRE DOUZDJIAN
Chief Financial Officer

JEFF C. MONEDA
Director of Public Works

APPROVED AS TO FORM:

APPROVED AS TO FORM AND LEGALITY:

Office of General Counsel

Office of County Counsel

Attachment 1A

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Annual Estimated Revenue	13,380,821	15,302,344	16,803,477	17,401,501	18,036,042	18,036,042	18,036,042	18,036,042	18,036,042	18,036,042	18,036,042

CP Interest is estimated at 2.5% (.38% monthly)

Principal Borrowed	16,000,000	
Term (Years)	10	120
Estimated Interest Rate	2.5%	

Assume Draw starting Feb 2021 \$16M

Draw	Principal	Interest	Total D/S	0
February-21	16,000,000	0	0	16,000,000
March-21	134,454	33,333	167,787	15,865,546
April-21	134,454	33,053	167,507	15,731,092
May-21	134,454	32,773	167,227	15,596,639
June-21	134,454	32,493	166,947	15,462,185
July-21	134,454	32,213	166,667	15,327,731
August-21	134,454	31,933	166,387	15,193,277
September-21	134,454	31,653	166,106	15,058,824
October-21	134,454	31,373	165,826	14,924,370
November-21	134,454	31,092	165,546	14,789,916
December-21	134,454	30,812	165,266	14,655,462
January-22	134,454	30,532	164,986	14,521,008
February-22	134,454	30,252	164,706	14,386,555
March-22	134,454	29,972	164,426	14,252,101
April-22	134,454	29,692	164,146	14,117,647
May-22	134,454	29,412	163,866	13,983,193
June-22	134,454	29,132	163,585	13,848,739
July-22	134,454	28,852	163,305	13,714,286
August-22	134,454	28,571	163,025	13,579,832
September-22	134,454	28,291	162,745	13,445,378
October-22	134,454	28,011	162,465	13,310,924
November-22	134,454	27,731	162,185	13,176,471
December-22	134,454	27,451	161,905	13,042,017
January-23	134,454	27,171	161,625	12,907,563
February-23	134,454	26,891	161,345	12,773,109
March-23	134,454	26,611	161,064	12,638,655
April-23	134,454	26,331	160,784	12,504,202
May-23	134,454	26,050	160,504	12,369,748
June-23	134,454	25,770	160,224	12,235,294
July-23	134,454	25,490	159,944	12,100,840
August-23	134,454	25,210	159,664	11,966,387

Attachment 1A

September-23	134,454	24,930	159,384	11,831,933
October-23	134,454	24,650	159,104	11,697,479
November-23	134,454	24,370	158,824	11,563,025
December-23	134,454	24,090	158,543	11,428,571
January-24	134,454	23,810	158,263	11,294,118
February-24	134,454	23,529	157,983	11,159,664
March-24	134,454	23,249	157,703	11,025,210
April-24	134,454	22,969	157,423	10,890,756
May-24	134,454	22,689	157,143	10,756,303
June-24	134,454	22,409	156,863	10,621,849
July-24	134,454	22,129	156,583	10,487,395
August-24	134,454	21,849	156,303	10,352,941
September-24	134,454	21,569	156,022	10,218,487
October-24	134,454	21,289	155,742	10,084,034
November-24	134,454	21,008	155,462	9,949,580
December-24	134,454	20,728	155,182	9,815,126
January-25	134,454	20,448	154,902	9,680,672
February-25	134,454	20,168	154,622	9,546,218
March-25	134,454	19,888	154,342	9,411,765
April-25	134,454	19,608	154,062	9,277,311
May-25	134,454	19,328	153,782	9,142,857
June-25	134,454	19,048	153,501	9,008,403
July-25	134,454	18,768	153,221	8,873,950
August-25	134,454	18,487	152,941	8,739,496
September-25	134,454	18,207	152,661	8,605,042
October-25	134,454	17,927	152,381	8,470,588
November-25	134,454	17,647	152,101	8,336,134
December-25	134,454	17,367	151,821	8,201,681
January-26	134,454	17,087	151,541	8,067,227
February-26	134,454	16,807	151,261	7,932,773
March-26	134,454	16,527	150,980	7,798,319
April-26	134,454	16,246	150,700	7,663,866
May-26	134,454	15,966	150,420	7,529,412
June-26	134,454	15,686	150,140	7,394,958
July-26	134,454	15,406	149,860	7,260,504
August-26	134,454	15,126	149,580	7,126,050
September-26	134,454	14,846	149,300	6,991,597
October-26	134,454	14,566	149,020	6,857,143
November-26	134,454	14,286	148,739	6,722,689
December-26	134,454	14,006	148,459	6,588,235
January-27	134,454	13,725	148,179	6,453,782
February-27	134,454	13,445	147,899	6,319,328
March-27	134,454	13,165	147,619	6,184,874
April-27	134,454	12,885	147,339	6,050,420
May-27	134,454	12,605	147,059	5,915,966
June-27	134,454	12,325	146,779	5,781,513
July-27	134,454	12,045	146,499	5,647,059

Attachment 1A

August-27	134,454	11,765	146,218	5,512,605
September-27	134,454	11,485	145,938	5,378,151
October-27	134,454	11,204	145,658	5,243,697
November-27	134,454	10,924	145,378	5,109,244
December-27	134,454	10,644	145,098	4,974,790
January-28	134,454	10,364	144,818	4,840,336
February-28	134,454	10,084	144,538	4,705,882
March-28	134,454	9,804	144,258	4,571,429
April-28	134,454	9,524	143,978	4,436,975
May-28	134,454	9,244	143,697	4,302,521
June-28	134,454	8,964	143,417	4,168,067
July-28	134,454	8,683	143,137	4,033,613
August-28	134,454	8,403	142,857	3,899,160
September-28	134,454	8,123	142,577	3,764,706
October-28	134,454	7,843	142,297	3,630,252
November-28	134,454	7,563	142,017	3,495,798
December-28	134,454	7,283	141,737	3,361,345
January-29	134,454	7,003	141,457	3,226,891
February-29	134,454	6,723	141,176	3,092,437
March-29	134,454	6,443	140,896	2,957,983
April-29	134,454	6,162	140,616	2,823,529
May-29	134,454	5,882	140,336	2,689,076
June-29	134,454	5,602	140,056	2,554,622
July-29	134,454	5,322	139,776	2,420,168
August-29	134,454	5,042	139,496	2,285,714
September-29	134,454	4,762	139,216	2,151,261
October-29	134,454	4,482	138,936	2,016,807
November-29	134,454	4,202	138,655	1,882,353
December-29	134,454	3,922	138,375	1,747,899
January-30	134,454	3,641	138,095	1,613,445
February-30	134,454	3,361	137,815	1,478,992
March-30	134,454	3,081	137,535	1,344,538
April-30	134,454	2,801	137,255	1,210,084
May-30	134,454	2,521	136,975	1,075,630
June-30	134,454	2,241	136,695	941,176
July-30	134,454	1,961	136,415	806,723
August-30	134,454	1,681	136,134	672,269
September-30	134,454	1,401	135,854	537,815
October-30	134,454	1,120	135,574	403,361
November-30	134,454	840	135,294	268,908
December-30	134,454	560	135,014	134,454
January-31	134,454	280	134,734	0
	<u>16,000,000</u>	<u>2,000,000</u>	<u>18,000,000</u>	

Commercial Paper Requirements

The *TransNet* Debt Financing Program includes certain eligibility requirements to advance-fund projects with either bond proceeds or Commercial Paper. To be eligible for these funds, the County of San Diego must meet the following requirements:

Eligibility Requirement	Results
Congestion Relief project	The Bradley Avenue Overpass improvement project would include widening Bradley Avenue in El Cajon from Magnolia Avenue to Mollison Avenue from two into four or six lanes. It will also widen Graves Avenue and Mollison Avenue from two lanes into four lanes including sidewalks and bicycle lanes. It will replace two-lane bridge over SR-67 with a six-lane bridge including turn pockets
Useful life exceeds repayment term – at least five years	The expected useful life of the Project is 75 years.
Debt service requirements met prior to allocating <i>TransNet</i> to other projects	The County intends to use its annual <i>TransNet</i> LSI allocations to cover all debt obligations first with remaining available annual funds used for other programmed projects.
Project cannot include private use	The project would be entirely for public use.
Commercial Paper will be paid on reimbursement basis based on Project-eligible expenditures	The County of San Diego agrees to these terms.
Economic and/or community benefit	The Project will relieve congestion, encourage economic development, and improve accessibility for emergency services for wildfire staging at Gillespie Field.
Capacity available in the <i>TransNet</i> Debt Financing Program	There is \$100 million of Commercial Paper within the <i>TransNet</i> Debt Financing Program under the current line of credit through September 2021. Currently, there is sufficient capacity to cover the use of Commercial Paper; however, if the needs exceed the current limit, the agreement can be amended to accommodate the additional credit needed for this project.
Project must be programmed in the Regional Transportation Improvement Program	A requirement of the advance funding is to include the commercial paper in the Regional Transportation Improvement Plan (RTIP). The Transportation Committee will hold a public hearing and be asked to recommend that the Board adopt the proposed final 2021 RTIP at its meeting on February 5, 2021. Adoption of the proposed final 2021 RTIP is scheduled for the February 26, 2021, Board of Directors meeting.

County of SD Capacity Analysis
\$16.0 Million Commercial Paper

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Total
Beginning Balance (est)	46,381,000	\$ 54,578,532	\$ 63,671,084	\$ 48,114,799	\$ 63,547,542	\$ 79,653,804	\$ 95,799,017	\$ 111,983,153	\$ 128,206,184	\$ 144,468,080	\$ 160,768,813	46,381,000
Estimated Allocations ¹	13,381,000	15,302,344	16,803,477	17,401,501	18,036,042	18,036,042	18,036,042	18,036,042	18,036,042	18,036,042	18,036,042 ²	189,140,617
CP Proceeds	16,000,000	-	-	-	-	-	-	-	-	-	-	16,000,000
CP Principal Repayment	(537,815)	(1,613,445)	(1,613,445)	(1,613,445)	(1,613,445)	(1,613,445)	(1,613,445)	(1,613,445)	(1,613,445)	(1,613,445)	(941,176)	(16,000,000)
CP Interest/Other Fees ³	(195,653)	(433,347)	(394,317)	(355,312)	(316,334)	(277,384)	(238,461)	(199,566)	(160,700)	(121,864)	(27,347)	(2,720,286)
CP Disbursement	(16,000,000)	-	-	-	-	-	-	-	-	-	-	(16,000,000)
RTIP Schedule	(4,450,000)	(4,163,000)	(30,352,000)	-	-	-	-	-	-	-	-	-
Ending Balance	\$54,578,532	\$ 63,671,084	\$ 48,114,799	\$ 63,547,542	\$ 79,653,804	\$ 95,799,017	\$ 111,983,153	\$ 128,206,184	\$ 144,468,080	\$ 160,768,813	\$ 177,836,331	\$ 216,801,331

Notes:

1. Estimated revenues based on proposed April 2020 projections for the next five years, updated on an annual basis. Assumes 100% of estimated revenues are programmed for Congestion Relief projects.
2. Estimated revenues are projected for ten years; therefore FY 2026 uses the estimated amount for FY 2025.
3. Interest repayments are calculated at 2.5% for the capacity analysis, but are paid based on actual costs. This includes interest costs and the City's proportionate share of CP program fees.

Meeting Date: 11/18/2020 (12)

RESOLUTION NO. 20-180

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO, CALIFORNIA, REQUESTING THE SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG), ACTING AS THE SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, TO PROVIDE ADVANCE FUNDING THROUGH DEBT FINANCING FOR THE BRADLEY AVENUE WIDENING AND OVERPASS AT STATE ROUTE 67 PROJECT

WHEREAS, SANDAG, acting as the San Diego County Regional Transportation Commission, is responsible for the administration of the *TransNet* Program (Proposition A, November 2004); which sets forth permitted uses for revenues from the ½ cent transactions and use tax in San Diego County (*TransNet* Extension Program); and

WHEREAS, to accelerate the implementation of *TransNet* funded projects, SANDAG has established a debt financing program to provide advanced funding for eligible projects under the *TransNet* Extension Program; and

WHEREAS, SANDAG requires that an agency receiving proceeds from the *TransNet* debt financing program shall be responsible for its proportionate share of the ongoing interest and related administrative costs from the date debt is issued until the final principal and interest amounts of the loan and applicable bonds are fully repaid;

WHEREAS, the *TransNet* debt financing program uses tax-exempt debt to reimburse expenditures of an agency initially spent on approved projects, and in order to use such tax-exempt debt to reimburse costs originally paid by the agency prior to the date of issuance of the *TransNet* debt, United States Treasury Regulations section 1.150-2 requires, with certain exceptions, that the agency declare its reasonable official intent to have such expenditures reimbursed from proceeds of the debt; and

WHEREAS, the following project being implemented by the County of San Diego has been approved by SANDAG through the *TransNet* Extension Program of Projects in the 2018 Regional Transportation Improvement Program and would benefit from the availability of advanced funding:

- Bradley Avenue Widening and Overpass at State Route 67 Project.

NOW THEREFORE BE IT RESOLVED by the Board of Supervisors of the County of San Diego, California, as follows:

1. That the above recitals are true and correct.
2. That the Director of Public Works is hereby authorized to request advanced funding from SANDAG through the *TransNet* debt financing program in an amount not to exceed sixteen million dollars (\$16,000,000).
3. That the Director of Public Works is hereby authorized to execute any necessary documents relating to the receipt of said funds from SANDAG, including but not limited to the Memorandum of Agreement (MOA) in substantially the same form as **Attachment 1** to this resolution.
4. The County of San Diego declares its intent to use proceeds of the *TransNet* debt financing program to reimburse itself for costs of the projects identified above. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations and does not bind the County of San Diego to make any expenditure, or incur any indebtedness, or proceeds with the projects identified above.
5. That the County of San Diego will be responsible for paying its proportionate share of the annual interest and administrative costs of the *TransNet* debt financing program based on the ratio of the amount of financing provided to the County of San Diego compared to the total commercial paper outstanding for each fiscal year.
6. That SANDAG will deduct said interest and administrative costs from the County of San Diego's monthly *TransNet* sales tax allocations prior to remitting any remaining sales tax proceeds for the County of San Diego's projects.
7. That the County of San Diego will repay to SANDAG the principal amount borrowed according to the proposed repayment schedule attached to the proposed Memorandum of Agreement (MOA), **Attachment 1**.
8. That the first priority use of the County of San Diego's annual allocation of *TransNet* revenues shall be payment of the principal amount borrowed according to the proposed repayment schedule and any administrative costs and interest due. The County of San Diego agrees not to subordinate SANDAG's lien on the *TransNet* revenues to any other claim upon these funds.

Meeting Date: 11/18/2020 (12)

9. That the County of San Diego agrees to indemnify, hold harmless, and defend SANDAG, the San Diego County Regional Transportation Commission, and all officers and employees thereof against all causes of action or claims related to projects financed through funding provided under the MOA.

PASSED AND ADOPTED by the County of San Diego on the 18 day of November , 2020.

Approved as to form and legality
County Counsel

By: Thomas L. Bosworth, Senior Deputy

ON MOTION of Supervisor Jacob, seconded by Supervisor Gaspar, the above Resolution was passed and adopted by the Board of Supervisors, County of San Diego, State of California, on this 18th day of November 2020, by the following vote:

AYES: Cox, Jacob, Gaspar, Fletcher, Desmond

- - -

STATE OF CALIFORNIA)
County of San Diego)^{SS}

I hereby certify that the foregoing is a full, true and correct copy of the Original Resolution entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors

By: _____

Joana Santiago, Deputy



Resolution No. 20-180
Meeting Date: 11/18/2020 (12)

TransNet Interfund Loan: Environmental Mitigation Program

Overview

The *TransNet* Major Corridor program includes capital projects and associated environmental mitigation projects that are actively in construction.

The *TransNet* Major Corridor program traditionally has relied on debt financing to accelerate project delivery. SANDAG's issuance of debt is generally constrained by the desire and need to maintain the highest possible credit ratings on its senior lien and Board Policy requirements to maintain adequate debt service coverage for each sub-program in the Ordinance.

At its November 20, 2020, meeting, the Board was presented with a report on short-term cash flow needs for the MC program and a suite of options evaluated and recommended by SANDAG's financial advisor, Public Financial Management. One such option was an interfund loan as allowed for in Section 7 of the [TransNet Extension Ordinance \(Ordinance\)](#) and in [SANDAG Board Policy No. 036](#).

Key Considerations

The Major Corridor Environmental Mitigation Program (EMP) has a cashflow need of approximately \$56 million over the next eight years.

The Local EMP has an approximate unused balance of \$51 million, which continues to grow. The [San Diego County Regional Transportation Commission TransNet Extension Ordinance: 10-Year Look-Back](#) had the following to say regarding improvements to consider in relation to the EMP and the local portion specifically (Chapter 6, Page 83).

Over the first decade of the EMP, significant progress was made to acquire lands to mitigate impacts of construction projects and begin restoration activities. However, while the local mitigation bank was an innovation created in 2008 to set aside funds for local agencies use to pay for direct mitigation costs of local transportation projects, the bank was significantly underused over the last decade. Other than \$12.8 million spent acquiring 370 acres, there was not much demand or interest in the local mitigation bank. Local jurisdictions reported their projects did not need mitigation for biological impacts or that project impacts were paid by developers as part of new developments. Thus, more than \$187 million remained unused. Although only the first decade has expired in the *TransNet* lifecycle and future projects may need local mitigation, *the SANDAG Board of Directors could closely monitor this part of the Ordinance and consider combining the local projects with regional projects to maximize the effective use of funds within the EMP*. While the SANDAG Board of Directors may have some flexibility in this area, it will need to stay within the limits presented in the Ordinance.

Action: Approve

The Transportation Committee recommends 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.

Fiscal Impact:

Approval of the proposed interfund loan would put approximately \$56 million in funding to use and reduce overall borrowing needs in the *TransNet* Major Corridor program.

Schedule/Scope Impact:

This is one of several strategies presented in 2020 to alleviate cash flow concerns in the *TransNet* Major Corridor program and avoid more significant delays in project delivery.

The [FY 2018 TransNet Triennial Performance Audit](#) also noted the underutilization of the local EMP funds and recommended that SANDAG look at repurposing these funds as allowed under the Ordinance (Recommendation 21, Chapter 7, Page 107).

Proposed Interfund Loan

Rather than incur additional long-term debt or continue to borrow from the Major Corridor program, an interfund loan from the Local EMP to the Major Corridor EMP would help support the cashflow needed during that period.

The Local EMP would be repaid when Major Corridor EMP funds become available starting in approximately eight years. This strategy both internalizes the risk of repayment to *TransNet* and minimizes the borrowing costs by avoiding a third-party lender. Reporting on the outstanding Local EMP to Major Corridor EMP loan balance would be included in the quarterly financial reports.

Ordinance Provisions

Section 7 of the *TransNet* Extension Ordinance provides that, in order to maximize the effective use of funds, revenues may be transferred or exchanged between *TransNet* programs provided that the percentage of funds allocated for each purpose as provided in Section 4 (which includes the Major Corridor Program, the Major Corridor EMP, and the Local EMP) is maintained over the duration of the measure and reviewed as part of each ten-year comprehensive program review. Attachment 1 depicts the flow of funds to the various programs identified in the Ordinance.

At its meeting on January 13, 2021, the Independent Taxpayer Oversight Committee voted unanimously to recommend approval of this item.

Next Steps

Future quarterly financial reports would include information on Local EMP to Major Corridor EMP loan balances. Should additional needs arise, staff will return to the Board for additional authorization.

Hasan Ikhata, Executive Director

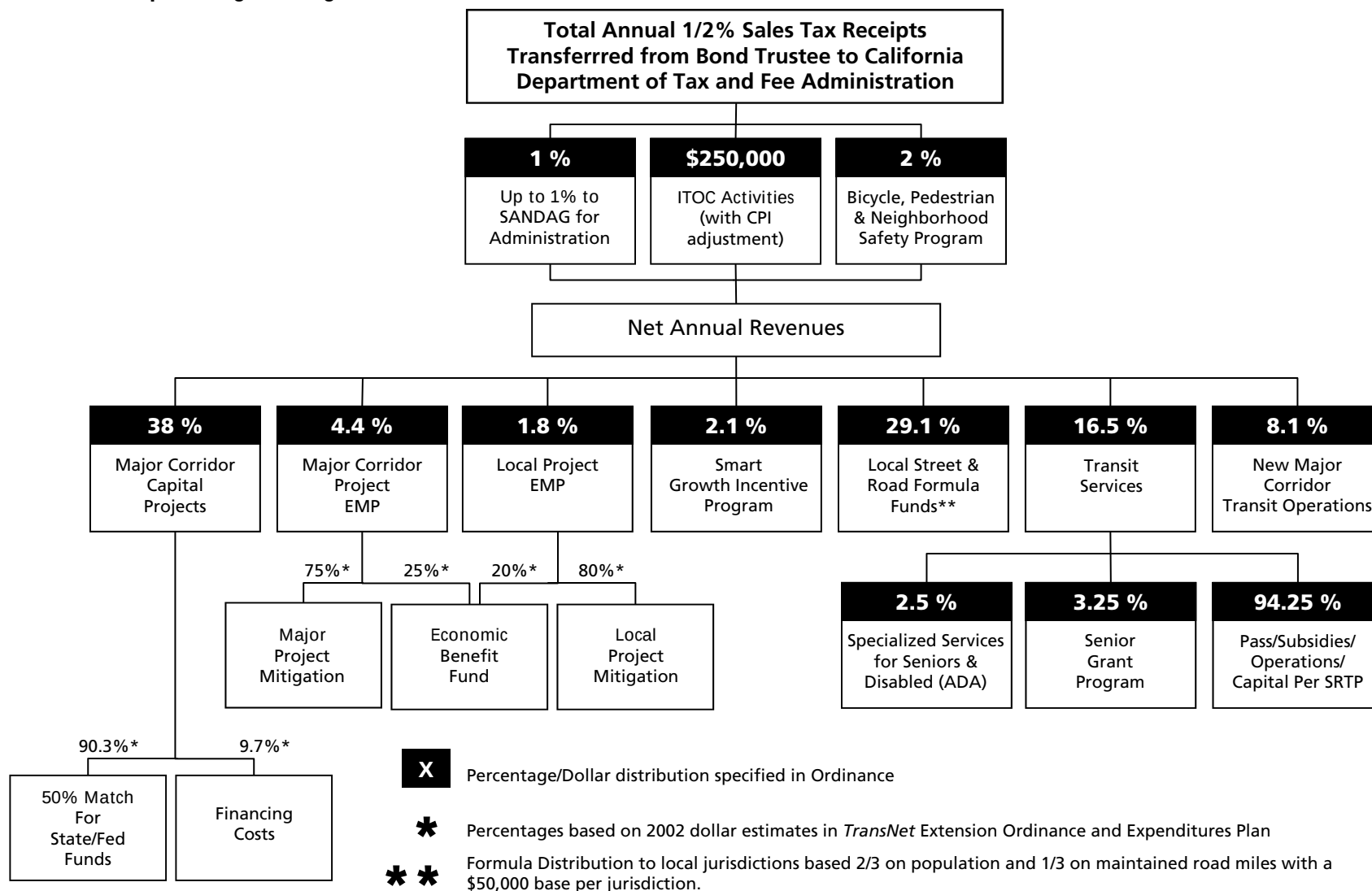
Key Staff Contact: Dawn Vettese, (619) 595-5346, dawn.vettese@sandag.org

Attachment: 1. *TransNet* Extension Flow of Funds – FY 09 to FY 48

TransNet Extension

www.KeepSanDiegoMoving.com

Flow of Funds—FY09 to FY48



Specialized Transportation Grant Program and Impacts from COVID-19

Overview

The SANDAG Specialized Transportation Grant Program (STGP) provides *TransNet* Senior Mini-Grant and Federal Transit Administration Section 5310 (Section 5310) funding for projects that deliver specialized transportation services to seniors and individuals with disabilities whose mobility needs cannot be met by conventional transit or Americans with Disabilities Act paratransit service. The COVID-19 pandemic and mandated stay-at-home orders have impacted the program and this report details those effects and recommended solutions for consideration.

Key Considerations

Amendments for Time Extensions and Scope Modifications

On April 10, 2020, the Board of Directors delegated authority to the Executive Director to approve time extensions of no more than twelve months for grantees whose grants are covered by Board Policy No. 035 when the delay or disruption results from the COVID-19 pandemic. Typically, Board Policy No. 035 requires approval from a Policy Advisory Committee for extensions of more than six months.

In addition, many STGP grantees with operating and capital projects have been granted scope modifications, which are consistent with grant program requirements and guidance from the Federal Transit Administration, to allow for alternative services such as the delivery of meals, personal protective equipment, and other essential goods to seniors and individuals with disabilities so long as this modified scope does not conflict with continuing to provide specialized transportation services. The time extensions and scope modifications that have been approved are discussed further in Attachment 1.

Lastly, one grantee has received, and another grantee has requested, approval by staff to place some of their vehicles in non-use status due to the COVID-19 pandemic and public health concerns for their riders. Both of these requests have buses that are more costly to operate than modified vans and are not conducive to social distancing requirements. Staff anticipates more grantees may have this same need and the Transportation Committee recommends that the Board approve an exception to Board Policy No. 035 to allow grantees who have received vehicles to put them into non-use status on a quarterly basis while the public health emergency is in effect.

Action: **Approve**

The Transportation Committee recommends 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.

Fiscal Impact:

MTS was awarded \$590,437 through the Cycle 10 Specialized Transportation Grant Program call for projects to support the procurement of seven Class B buses. This request would allow the total grant award to be applied to the purchase of Class D minivans instead.

Schedule/Scope Impact:

Pending approval of the Board, staff would take the following actions: (1) shorten the application window for the vehicles returned by a grantee to SANDAG, potentially accelerating how quickly vehicles can be put back into service; and (2) purchase and put into service several Class D minivans for MTS instead of the buses originally authorized.

Need for Reallocation of STGP Vehicles Due to COVID-19

In July 2020, an STGP grantee notified SANDAG staff that it needed to return nine STGP-funded vehicles to SANDAG due to financial and operational constraints caused by the COVID-19 pandemic. Three of the nine vehicles have been redistributed to current grantees with the ability to put the vehicles to use for specialized transportation. The remaining six Class C vehicles are now being stored on SANDAG property since no current grantees expressed a need for them.

Staff proposes a competitive selection process be used (Attachment 1) to identify new grantees who will utilize the vehicles for the remainder of their useful life. The Transportation Committee recommends that the Board approve the following exceptions to Board Policies in order to expedite the competitive process to award the remaining vehicles and resume their use for specialized transportation services to seniors and individuals with disabilities.

- Under Board Policy No. 035, reduce the required application submittal timeframe from 90 days to 60 days and waive the requirement for a resolution from the selected applicant(s).
- Under Board Policy No. 001, allow the Executive Director to approve the award of the vehicles to the recommended applicants instead of seeking approval from the Board of Directors since there is no funding recommendation associated with this action.

Metropolitan Transit System Vehicle Request

On March 22, 2019, the SANDAG Board of Directors approved the [Cycle 10 STGP Call for Projects Proposed Funding Awards](#), including funding for seven Class B vehicles (cutaway buses) for the Metropolitan Transit System (MTS). Due to COVID-19, MTS has requested that SANDAG allocate its awarded funds towards the procurement of Class D minivans instead of buses (Attachment 2). The Transportation Committee recommends Board approval of MTS's request for a scope change and use of its STGP funding for different vehicles than its initial award as discussed in Attachment 1.

Next Steps

Pending approval by the Board, staff will release a competitive solicitation for the vehicles returned to SANDAG as described in Attachment 1. Staff would also work with MTS to procure Class D minivans using funds awarded to MTS through the Cycle 10 STGP call for projects. Staff will continue to monitor the impacts of the COVID-19 pandemic on the STGP and provide updates to the Transportation Committee in its quarterly status reports.

Hasan Ikhata, Executive Director

Key Staff Contact: Zachary Rivera, (619) 699-4892, zachary.rivera@sandag.org

Attachments: 1. Discussion Memo
2. MTS Request Letter

Discussion Memo

Specialized Transportation Grant Program and COVID-19 Background

When Governor Newsom issued California's first stay-at-home order on March 19, 2020, many seniors and individuals with disabilities became isolated from specialized transportation services that they previously relied upon to receive medical care, get groceries, and access community resources. They still, however, needed access to these essential goods and services. Shortly after the stay-at-home order was issued, several Specialized Transportation Grant Program (STGP) grantees requested modifications to their project scopes of work to allow them to provide essential goods and services such as meal delivery and personal protective equipment to their riders. Federal guidance as stipulated in FTA Circular 9070.1G permits meal delivery under the Section 5310 program, "as long as the delivery service does not conflict with providing public transportation service or reduce service to public transportation passengers."

On April 3, 2020, SANDAG Executive Director Hasan Ikhrata, in consultation with former Board Chair Steve Vaus, used his authority under Section 3 of Board Policy No. 17, to authorize staff to approve grantee requests consistent with federal guidance for changes to scopes of work due to the COVID-19 public health emergency. Additionally, on April 10, 2020, the Board of Directors delegated authority to the Executive Director to approve time extensions of no more than twelve months for grantees whose grants are covered by Board Policy No. 035 when the delay or disruption results from the COVID-19 pandemic. Typically, Board Policy No. 035 requires approval from a Policy Advisory Committee for extensions of more than six months.

Amendments Granted for Time Extensions and Scope Modifications

Notably, 13 of the 20 active STGP operating and mobility management projects and three of 12 active vehicle grantees have been granted amendments to their scopes of work. These amendments to scope have permitted grantees to meet the essential and urgent needs of this vulnerable segment of the population during the COVID-19 pandemic by providing alternative services such as delivery of food, prescriptions, and personal protective equipment. This flexibility in the services provided is likely why only one STGP project has received a time extension greater than six months as of December 31, 2020.

Reporting for and Impact of Alternative Services

Staff requires grantees whose operating projects have been granted scope of work modifications to report on the alternative services they perform. While staff does not yet have enough data to quantify the impact or measure the proportion of alternative services to all services performed, staff has received anecdotal information from seniors and individuals with disabilities via grantee staff:

"It's a beautiful thing you people are doing. Angels on earth. I'm 77 and disabled and it's really a great thing you're doing, it helps so much. Thank you." – Nita R.

"Literally saving [my] life" – Donald, a cancer patient

Specialized Transportation Grant Program Vehicles and COVID-19

Through the STGP, SANDAG purchases Americans with Disabilities Act-compliant specialized transportation vehicles on behalf of awarded grantees. Per federal guidance, SANDAG serves as the lienholder so SANDAG can exercise continuing control of the vehicles. Grantees, in turn, are required to operate the STGP-funded vehicles for their minimal useful life, set by Federal Transit Administration Circular 5010.1E. As of September 30, 2020, 15 grantees have been awarded funding to purchase 120 vehicles and 85 of those vehicles have been purchased and put into service.¹ Of those 85 vehicles, 44 have been providing reduced service and 14 have provided no service since the onset of COVID-19. As stated above, three of the vehicle grantees have received amendments to their scopes of work to be able to provide alternative services.

¹ Through the Cycle 10 call for projects, 38 vehicles were awarded. In April 2020, SANDAG purchased 31 of these vehicles on behalf of grantees. The remaining seven were awarded to Metropolitan Transit System (MTS), but were not purchased due to reasons detailed below. Of the 31 purchased vehicles, three have been delivered and put into service as of September 30, 2020.

Vehicles in Non-Use Status

Two grantees have requested approval from staff to keep some of their vehicles in non-use status until the demand for specialized transportation service increases. One of these requests has been approved and the other requires consideration by the Board of Directors due to the grantee missing a milestone set forth under Board Policy No. 035. This grantee received three new buses in November 2020 but did not put the vehicles into service due to the COVID-19 pandemic and public health concerns for its riders. Board Policy No. 035 states “use of the vehicles for the benefit of the public must commence within six months following award of the purchase.” Staff understands the constraints the pandemic has placed on grantees and requests approval from the Board to waive this requirement for the grantees that already have requested an exception as well as those that may request it while the public health emergency is in effect.

If approved, when requested by a grantee, staff would process an amendment to the grant agreement to authorize the non-use status and to extend the termination date for up to 12 months if needed due to COVID-19, consistent with the delegation provided to the Executive Director as mentioned above. The non-use status would be reviewed by staff on a quarterly basis and the grantee would be encouraged to put the vehicles back into service as soon as possible. Staff would continue to report the number of grantees who have vehicles in non-use status in the quarterly reports to the Transportation Committee.

Returned Vehicles and New Competitive Solicitation

In July 2020, one grantee requested to return nine buses to SANDAG before the end of their useful life due to the COVID-19 pandemic and no longer having a need for the vehicles. In order to put the vehicles into service as quickly as possible, in August 2020 staff released a competitive solicitation for the nine vehicles only among active STGP grantees who had been awarded funding from the most recent call for projects. This action was taken consistent with Board Policy No. 035, which calls for unused surplus from a cycle to be awarded to the next project down on the Board-approved priority list. The approach also served to reduce the administrative burden on staff and eliminated the need to enter into contracts with new grantees that are unfamiliar with the STGP requirements. Through this process, two current grantees requested and were awarded three of the nine vehicles. On November 30, 2020, the three vehicles were transferred to the two grantees, while the remaining six vehicles were transferred to SANDAG and are being stored at the Toll Operations Center where they will remain until another competitive solicitation can be issued and new grantee(s) can be selected.

SANDAG will need to release a new competitive solicitation for the six remaining vehicles, and make it available to any interested applicants. SANDAG staff desires for the vehicles to be transferred to one or more new grantees as quickly as practicable to minimize maintenance and registration costs to the agency and resume transportation services to seniors and individuals with disabilities. SANDAG grant programs are subject to the provisions in Board Policy No. 035, Competitive Grant Program Procedures. Section 4.1 of the Policy requires that “when SANDAG issues [a] call for projects it will allow at least 90 days for grant application submission.” Due to the COVID-19 pandemic and a desire to place the vehicles in service as soon as possible, staff would like to reduce the required application submittal timeframe to 60 days to ensure applicants have time to respond to the solicitation but allow for a faster award of the vehicles.

Additionally, Policy No 035 requires prospective grantees to submit a resolution from their authorized governing body that: (1) commits the grantee's governing body to providing the amount of matching funds set forth in the grant application, and (2) accepts the grant funding and execute a grant agreement if an award is made by SANDAG.² Since the match requirement has been fulfilled by the prior grantee, there is no match requirement needed for the transfer of these vehicles. Therefore, staff recommends waiving the requirement for a resolution from the selected applicant(s). Once the competitive solicitation is issued and the new grantee(s) are selected for award, staff would typically bring the recommended award to the Transportation Committee for recommendation to the Board pursuant to Board Policy No. 001. Staff, however, is requesting the Board waive this requirement and allow for the Executive Director to approve the award of the vehicles to the recommended applicants since there is no funding recommendation associated with this action. Staff would provide an update of the vehicle distribution process including the outcome of the competitive solicitation and the grantee(s) selected for award in its next quarterly status update to the Transportation Committee and report the award as a delegated action pursuant to Board Policy No. 017.

Metropolitan Transit System (MTS) Vehicle Request

Per MTS's letter dated November 18, 2020 (Attachment 2), MTS requested that SANDAG allow the purchase of Class D minivans instead of the seven Class B cutaway buses originally awarded through the Cycle 10 STGP call for projects. Without the extenuating circumstances brought about by COVID-19, this request would not have staff support as it would interfere with the competitive process already completed as part of the Call for Projects. Under the circumstances, the Transportation Committee recommends that the Board authorize this change of scope. Prior to doing so, however, staff requests that the Board take the following information into consideration.

MTS's vehicle projects were recommended for and awarded funding based in part on the vehicle type selected. For example, MTS cited in its application its ability to replace gasoline-powered paratransit vehicles with the proposed, liquid petroleum gas-powered, Class B vehicles as both innovative and environmentally sustainable. These are two evaluation criteria used in the Cycle 10 STGP call for projects. It is possible that MTS's projects would have scored lower and thus not have been funded had MTS initially proposed Class D minivans instead of Class B buses. If MTS were to proceed with the purchase of its Class B buses though, it is likely that the buses would receive suboptimal usage relative to Class D minivans due to COVID-19 and for the reasons MTS cites in its letter.

Due to the number of grantees who have had difficulty operating buses and concerns with the challenges related to redistributing buses as discussed previously, the Transportation Committee recommends that the Board approve MTS's request for a scope change and use of its funding for different vehicles than its initial award. MTS is the only grantee from Cycle 10 that has awarded, but unpurchased vehicles. Therefore, if this request is granted, SANDAG does not expect to receive additional similar requests. Staff has advised prospective grantees for Cycle 11 to only apply for the types of vehicles they can realistically operate given the uncertainty of the pandemic.

² During the application phase of the STGP calls for projects, applicants also are required to acknowledge receipt of the SANDAG Grant Agreement they will be required to execute as provided in the application if awarded grant funding.

November 18, 2020

San Diego Association of Governments
Attn: Zachary Rivera
401 B Street, Suite 800
San Diego, CA 92101

Re: 5310 Cycle 10 Grant - Request to Amend Vehicle Type

Mr. Rivera,

As the operating environment for providing paratransit services continues to evolve, MTS strives to ensure our fleet aligns with the ridership and environmental demands. In 2019 MTS was awarded through SANDAG, with FTA's Enhanced Mobility of Seniors & People with Disabilities program (49 U.S.C. Chapter 53, Section 5310) 5310 Cycle 10 grant funding for the purchase of seven (7) paratransit buses, specifically cutaway buses such as the Ford E-450 that can carry up to 26 passengers.

Since the onset of COVID-19, MTS has not ordered these vehicles. COVID-19 is fundamentally changing the way many forms of transportation are delivered, and as such MTS Access is transitioning to primarily single rider trips. MTS Access passengers are some of the most vulnerable and high-risk travelers in regards to the effects of COVID-19, and this modification has been made to protect the health and safety of both our passengers and drivers.

Even when the immediate effects of COVID-19 subside, MTS anticipates an emerging need for continuing to operate vehicles with smaller groups than previously transported through larger capacity paratransit vehicles. As such, MTS would like to formally request that the SANDAG Board of Directors consider an amendment to the 5310-grant funding parameters, and approve MTS to substitute the approved cutaway buses with alternative wheelchair accessible minivans.

These newly proposed vehicles offer a more efficient and economical approach to provide paratransit service with smaller groups of passengers, and are more appropriately aligned with our current service model. Additionally, the minivans MTS is proposing are also approved for purchase under the 5310-grant program.

Upon receipt of SANDAG's approval to reallocate 5310 grant funds to this proposed vehicle type, MTS will confirm specifications and provide further details to SANDAG as requested.

We thank you for your consideration of this matter, and welcome any additional discussion that may be needed to move forward.

Thank you,



Chief Executive Officer

1255 Imperial Avenue, Suite 1000, San Diego, CA 92101-7490 • (619) 231-1466 • sdmts.com



San Diego Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego. MTS is also the For-Hire Vehicle administrator for nine cities.

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

Investment Transactions: [SANDAG Board Policy No. 003](#) states that a monthly report of all investment transactions shall be submitted to the Board. Attachment 1 contains the reportable investment transactions for December 2020.

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:

Five securities reached maturity for a total of \$218,655. No securities were purchased, providing approximately \$219,000 of liquidity to the agency.

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 December 22, 2020, SANDAG staff attended a Small Claims Court Trial in the matter of Carlos Dontae Kendrick v. San Diego South Bay Expressway (Superior Court Case No. 2019-00056837). The matter related to unpaid tolls and was continued to a future date.

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 December 2020 are reflected in Attachment 2.

Environmental: [SANDAG Board Policy No. 017](#), Section 4.17, authorizes the Executive Director to approve an addendum to a previously-approved Environmental Impact Report or Negative Declaration consistent with CEQA Section 15164 where only minor technical changes or additions are necessary.

An addendum to the Final Subsequent Environmental Impact Report for the UTC Transit Center Parking Structure (Mid-Coast Corridor Transit Project) was signed on behalf of SANDAG's Executive Director on December 8, 2020. The Notice of Determination was posted by the Governor's Office of Planning and Research on December 11, 2020, and by the County Clerk on January 6, 2021.

Right-of-Way: [SANDAG Board Policy No. 017](#), Section 4.15, authorizes the Executive Director to execute all right-of-way property transfer documents, including rights of entry, licenses, leases, deeds, easements, escrow instructions, and certificates of acceptance. The list below reflects the approved documents for this reporting period.

Mid-Coast Corridor Transit Project – Capital Improvement Project No. 1257001			
No.	Address	Nature of Activity	Date
1.	4320 La Jolla Village Drive, San Diego, CA 92122; UTC Venture, LLC	Temporary Construction Access License Agreement	12/28/2020
2.	4330 La Jolla Village Drive, San Diego, CA 92122; UTC Venture, LLC	Temporary Construction Access License Agreement	12/28/2020
3.	4340 La Jolla Village Drive, San Diego, CA 92122; UTC Venture, LLC	Temporary Construction Access License Agreement	12/28/2020
4.	4350 La Jolla Village Drive, San Diego, CA 92122; UTC Venture, LLC	Temporary Construction Access License Agreement	12/28/2020
5.	4365 La Jolla Village Drive, San Diego, CA 92122; UTC Venture, LLC	Temporary Construction Access License Agreement	12/28/2020
6.	4370 La Jolla Village Drive, San Diego, CA 92122; UTC Venture, LLC	Temporary Construction Access License Agreement	12/28/2020
7.	4380 La Jolla Village Drive, San Diego, CA 92122; UTC Venture, LLC	Temporary Construction Access License Agreement	12/28/2020
8.	Not Numbered, La Jolla Village Drive, San Diego, CA 92122; UTC Venture, LLC	Temporary Construction Access License Agreement	12/28/2020

Schedule Extensions: [SANDAG Board Policy No. 035](#) authorizes the Executive Director to approve requests by grantees for project schedule extensions of up to six months.

COVID-19 Grant Amendments

On April 10, 2020, the Board authorized the Executive Director to approve requests by grantees for project schedule extensions of up to 12 months related to COVID-19 delays. The delegated actions to report to the Board are summarized below:

Section 5310 Grant Program

Contract	Grantee	Project	Extension (in Months)	From	To	Amendment Execution Date
5005912	The Arc of San Diego	MCRD Transportation Services	9	11/24/2021	8/23/2022	12/12/2020

Reason for the delays and why the delays were unavoidable:

The grantee's transportation subcontractor discontinued services and all operations with the grantee in December 2019. The grantee experienced considerable delays in resuming these contracted services with a new vendor due to the COVID-19 pandemic. Many transportation services ceased operations at the onset of the pandemic making it difficult for the grantee to identify possible vendors to respond to the Request for Proposals.

Ability for grantees to succeed in the extended timeframe:

The grantee issued a solicitation in June 2020 for transportation services. The bid opening took place on June 29, 2020, and a new vendor was selected to provide transportation services. As of November 2020, the grantee was in the process of contract negotiations and ensuring vendor compliance with the requirements outlined in SANDAG's Specialized Transportation Program, applicable laws, regulations and provisions in SANDAG's grant agreement. The grantee estimates contracted services will resume in 2021.

Hasan Ikhata, Executive Director

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

Attachments:

1. December 2020 Investment Securities Transactions Activity
2. December 2020 Budget Transfers and Amendments

**MONTHLY ACTIVITY FOR INVESTMENT SECURITIES TRANSACTIONS
DECEMBER1 THROUGH DECEMBER 31, 2020**

Transaction Date	Security/Coupon/Maturity Date	Par Value	Original Cost
BOUGHT	NO REPORTABLE SECURITIES FOR THIS MONTH		
MATURED			
12/15/2020	HYUNDAI AUTO 1.770% 1/18/22	\$ 25,142.37	\$ 25,138.01
12/15/2020	TOYOTA AUTO 1.930% 1/18/22	54,983.29	54,978.22
12/15/2020	TOYOTA AUTO 2.350% 5/16/22	46,834.47	46,833.93
12/15/2020	ALLY AUTO 1.990% 3/15/22	53,792.09	53,787.91
12/21/2020	HONDA AUTO 2.050% 11/22/21	37,902.91	37,897.57
	TOTAL MATURED:	<u>\$ 218,655.13</u>	<u>\$ 218,635.64</u>
SOLD	NO REPORTABLE SECURITIES FOR THIS MONTH		

DECEMBER 2020 BUDGET TRANSFERS AND AMENDMENTS

in '000s

PROJECT NUMBER	PROJECT NAME	CURRENT BUDGET	NEW BUDGET	CHANGE	EXPLANATION
2353100	CJAM - Increasing Resiliency in High-Risk Youth	\$0.00	\$35.00	\$35.00	New revenue agreement with South Bay Community Services. The total multi-year project budget is \$155k (\$35k FY 2021 + \$120k future years).

Meetings and Events Attended on Behalf of SANDAG

Board members participated in the following meetings and events on behalf of SANDAG. Key topics of discussion are also summarized.

December 3, 2021: Facilitating Access to Coordinated Transportation Board meeting San Diego, CA

Solana Beach Councilmember Jewel Edson attended the Facilitating Access to Coordinated Transportation (FACT) Board meeting as the SANDAG representative. Councilmember Edson participated in discussions related to the new SANDAG Direct Funding Agreement, the election of Board officers, and planning for the Annual Meeting.

December 15, 2021: Facilitating Access to Coordinated Transportation Annual meeting San Diego, CA

Councilmember Edson attended the FACT Annual Meeting as the SANDAG representative. Councilmember Edson participated in discussions related to the FACT Annual Report, the Council on Access & Mobility, and Covid Impacts and New Services.

Hasan Ikhata, Executive Director

Key Staff Contact: Francesca Webb, (619) 977-9294, francesca.webb@sandag.org

Action: Information

Board members will provide brief reports orally or in writing on external meetings and events attended on behalf of SANDAG since the last Board Business meeting.

Election of 2021–2022 SANDAG Board Vice Chair

Overview

Article V of the SANDAG Bylaws currently states that SANDAG shall have as officers a Chair and Vice Chair. On December 4, 2020, the Board of Directors elected Encinitas Mayor Catherine Blakespear as the SANDAG Chair for the 2021-2022 term, and scheduled the election of the SANDAG Vice Chair for January 22, 2021.

As part of this item, the Board also will consider the reinstatement of the Second Vice Chair position.

Key Considerations

No applications for Vice Chair are currently pending. As such, candidates for the 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 Vice Chair other than those from the North County Coastal subregion, as the Bylaws prohibit the Chair and Vice Chair being from the same subregion.

The duties of the Vice Chair are to perform the duties of the Chair in his or her absence and to perform any additional duties that the Chair may require. The Vice Chair is also mandated to be a primary member of the Executive Committee.

In selecting a Vice Chair, the SANDAG Bylaws call for consideration of a nominee's availability, experience, skills, and geographic diversity. Election of the Vice Chair shall be pursuant to the weighted vote as dictated by the SANDAG Bylaws and SANDAG's governing statutes.

In addition to the election of the Vice Chair, the Board is also asked to discuss the potential of reinstating the Second Vice Chair position as a SANDAG Board Officer. Any such change would require an amendment to the SANDAG Bylaws at a future meeting.

Next Steps

Pending Board action, the term of service for the 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**

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

Fiscal Impact:

Per SANDAG Bylaws the 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.

Audit Committee and Litter Abatement Subcommittee Membership

Overview

With recent appointments to the SANDAG Board of Directors by member jurisdictions, SANDAG's Policy Advisory Committees and Subcommittees are in the process of being reconstituted. While appointments to most of SANDAG's Policy Advisory Committees are made at a subregional level as dictated by [Board Policy No. 002](#), appointments to the Audit Committee and the Litter Abatement Subcommittee are made upon application by interested primary or alternate Board members.

Key Considerations

Audit Policy Advisory Committee

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities and to provide a forum for pursuing the opportunities for improvements in operations, financial reporting and internal controls identified through the agency's audit products as further detailed in [Board Policy No. 039](#). The Audit Committee consists of five voting members with two members of the Board of Directors and three members of the public. Primary or alternate members of the Board are eligible to serve on the Audit Committee 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.

Audit Committee Board members are selected by the Board upon recommendation of the Board Chair. There are currently two open Board positions on the Audit Committee. Each appointment is for a two-year term.

Litter Abatement Subcommittee

Last summer, SANDAG convened its first meeting of the [San Diego Regional Litter Abatement Subcommittee](#). This Subcommittee is intended to gather and review information and provide input and guidance on potential policy and technical options to help reduce litter on major transportation corridors in the San Diego region. The membership of the Subcommittee is appointed by the Chair of the Board based on expressed interest and ability to serve. Advisory members may also be appointed by the Chair of the Board.

Action: **Information**

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

Fiscal Impact:

Per SANDAG Bylaws, Board Members receive a stipend of \$150 per meeting for attendance as a primary member of a Board subcommittee and \$100 per meeting for attendance as a primary member or alternate of a Policy Advisory Committee.

Schedule/Scope Impact:

None

Next Steps

If members are interested in serving on either body, please reach out to the Clerk of the Board by Monday, February 1, 2021.

New members appointed to the Litter Abatement Subcommittee will be reported to the Board at its February 12, 2021 meeting.

Candidates for appointment to the Audit Committee will be recommended by the Chair for the Board's consideration in the near future. Subregional appointments to SANDAG's remaining Policy Advisory Committees are due to be communicated to the Chair no later than January 31.

Catherine Blakespear, Chair

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

SANDAG Commitment to Equity Statement

Overview

SANDAG staff developed a Commitment to Equity Statement to capture the agency's unequivocal commitment to anti-racism. The SANDAG Commitment to Equity Statement provides a foundation from which to develop an equity action plan in 2021.

A working draft of the statement was presented to the Community Based Organization Working Group, the Tribal Transportation Working Group, and the Social Services Transportation Advisory Council for discussion and feedback at their January 2021 meetings. A working draft also was shared with the Board of Directors in advance of the meeting.

Action: **Approve**

The Board of Directors is asked to 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.

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.

As SANDAG continues to reflect on systemic infrastructural racism, the effects of redlining, and the tribal land we live on, we recognize the need to meaningfully invest our resources to support and sustain equity 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.

A key element of the SANDAG Commitment to Equity Statement is to create tangible change by educating our community, partners, and stakeholders, while continuing our own education about social justice.

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

Attachment: 1. SANDAG Commitment to Equity Statement

Working Draft I:

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 our most vulnerable residents—those who have been marginalized, discriminated against, and negatively impacted by actions and inactions at all levels of our government and society: people of color, people with low incomes, people with disabilities, people from other countries and cultures, women, LGBTQ+, seniors, and other communities.

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, 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 lives, works, or visits can thrive.

Working Draft II:

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, 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.

SANDAG Disadvantaged Business Enterprise and Workforce Utilization Program Update

Overview

As a recipient of U.S. Department of Transportation funding, SANDAG is required to establish a Disadvantaged Business Enterprise (DBE) program that complies with federal regulations. The program is designed to “level the playing field” by encouraging DBE participation on federally funded SANDAG projects.

Action: Information

An update on the SANDAG Disadvantaged Business Enterprise and Small Business programs, including progress toward meeting the Triennial Disadvantaged Business Enterprise Goal, will be presented.

Staff prepares an annual report for the Board of Directors summarizing results from the agency’s DBE program. This year, the report also includes information about a new regional workforce utilization initiative that is starting in the coming months and the Office of Diversity and Equity, which was formed in late 2019 to consolidate several key civil rights, labor compliance, and workforce utilization functions at SANDAG. This office manages the DBE program and Small Business program for federal transit and highway design and construction projects. It also provides support in several social equity-related areas, such as the inclusion of underserved individuals in SANDAG programs (Attachment 1).

Key Considerations

Disadvantaged Business Enterprise Program

SANDAG has two DBE programs: one is specific to projects funded by the Federal Transit Administration (FTA), whereas the second program is for projects funded by the Federal Highway Administration (FHWA). SANDAG has adopted the Caltrans DBE program for FHWA-assisted contracts. Caltrans recently recognized SANDAG in its 2020 DBE Evaluation Report as the only agency that was 100% compliant in all eleven review areas (Attachment 3).

SANDAG created the Bench program in 2012 to increase opportunities for small and disadvantaged businesses to participate in SANDAG On-Call Contracts. There are currently three Bench programs – Architecture & Engineering (A&E), Construction Management, and Planning. These benches are composed of DBE and Small Business certified firms. The Bench program promotes and fosters diversity and inclusion, and acts as a conduit for creating partnerships between large and small firms.

Recent DBE Program Results

SANDAG exceeded the FY 2020 FTA Overall DBE Goal. Attached are details of awards and payments to DBEs (Attachment 2) and information regarding the Caltrans DBE Evaluation Report (Attachment 3).

After implementing the A&E Bench program, SANDAG increased the awards of certified DBE firms from 15 firms to 78 firms, a 420% increase. The Bench program has encouraged prime consultants to utilize small businesses and DBEs on A&E task orders. As a result of the success of the A&E Bench program, SANDAG has added a Construction Management and Planning Bench (Attachment 4).

A prime example of the success of the SANDAG DBE Program is the Mid-Coast Corridor Transit project. Mid-Coast (Attachment 5) is over 75 percent complete and service is projected to start in November 2021. The construction phase of the Mid-Coast Project included a DBE goal of 11.3%. Through September 30, 2020, the Prime Contractor has achieved 11.2% or \$115 million toward the DBE goal. The Prime Contractor has been unbundling large subcontracts, conducting outreach, providing training, marketing, and establishing a Construction Bench program to meet or exceed the DBE goal set for the Project.

Workforce Utilization Program

The San Diego region received a \$1.5 million SB 1¹ grant to establish a pre-apprenticeship program. SANDAG is collaborating with the San Diego Workforce Partnership and the San Diego Building Trades to implement the pre-apprenticeship program (referred to as the Apprenticeship Readiness Collaborative (ARC), which will support the development of a workforce utilization program (Attachment 6).

The focus of ARC is to prepare women, BIPOC (Black, Indigenous, people of color), homeless, formerly incarcerated, and underserved youth for the construction trades. ARC will provide training and compensation to more than 120 underserved individuals throughout the San Diego region. Participants will receive the resources necessary to successfully enter an apprenticeship program or a related construction career.

Next Steps

In the year ahead, the Office of Diversity and Equity will continue to monitor the effectiveness of the DBE program and will pursue additional initiatives to expand the agency's support for all communities and business throughout the region and create viable opportunities for inclusion.

Hasan Ikhrata, Executive Director

Key Staff Contact: Elaine Richardson, (619) 699-6956, elaine.richardson@sandag.org

Attachments:

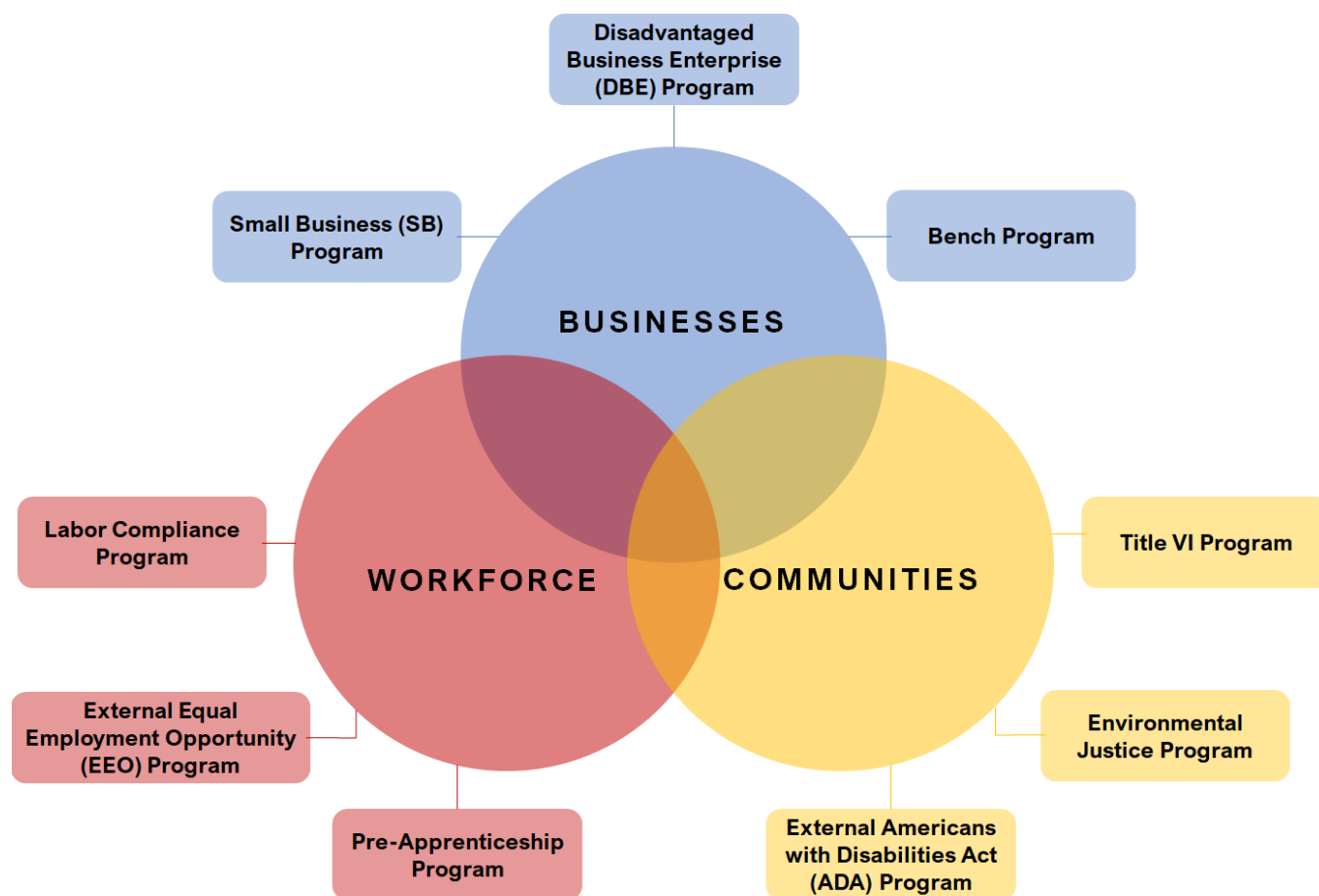
1. Office of Diversity and Equity
2. DBE program Updates
3. Caltrans Evaluation Report
4. Bench programs
5. Mid-Coast Project
6. Workforce Utilization Program

¹ SB 1 authorizes the California Workforce Development Board (or "State Board") to establish guidelines for agencies "to participate in, invest in, or partner with, new or existing pre-apprenticeship training programs." As per statute, these guidelines apply to municipal, county, regional, and state agencies receiving funds from the Road Maintenance and Rehabilitation Account. [High Road Construction Careers SB 1 Workforce Guidelines, January 2019](#)

The Office of DIVERSITY & EQUITY

The Office of Diversity and Equity (ODE) was formed in 2019 when SANDAG reorganized the agency. Executive Management had a vision for a Civil Rights office within SANDAG that would consolidate Social Equity (Title VI, Environmental Justice and American with Disabilities Act) with the Disadvantaged Business Enterprise (DBE), Small Business, Labor Compliance, and Workforce Utilization responsibilities. The following diagram shows the various functions within ODE:

Office of Diversity and Equity



MISSION STATEMENT

The Office of Diversity and Equity seeks to promote diversity, equity, inclusivity, and accessibility in SANDAG programs, projects, and services. Through various program initiatives, ODE advocates for disadvantaged communities, fosters the growth of small and diverse businesses, and develops new workforce opportunities.

Disadvantaged Business Enterprise Program

Introduction

In 1980, the United States Department of Transportation (DOT) implemented the Disadvantaged Business Enterprise (DBE) program to ensure that firms competing for DOT-assisted contracts were not disadvantaged by unlawful discrimination. The DBE program began as a minority/women business enterprise program that reaches out and protects Black American, Hispanic American, Native American, Asian-Pacific American, Subcontinent Asian American, and women owned firms.

SANDAG receives funding directly from the Federal Transit Administration (FTA) and is required to establish and implement a DBE Program for FTA-assisted projects. This DBE Program was developed in accordance with applicable law and is designed to level the playing field to encourage participation of DBE firms on SANDAG federally funded projects. It focuses on removing barriers and maximizing opportunities for minority and women owned businesses so they may be successful in their small and emerging businesses.

SANDAG also receives funds from the Federal Highway Administration (FHWA) as a subrecipient through Caltrans. SANDAG is required to adopt the Caltrans DBE Program for FHWA-assisted contracts, including setting goals on all individual contracts.

To build upon the DBE program, ODE created a Bench program that is made up of firms that are certified as either a DBE or small business and can perform one or more of the services within each Bench Program (Attachment 4).



DBE groups include:

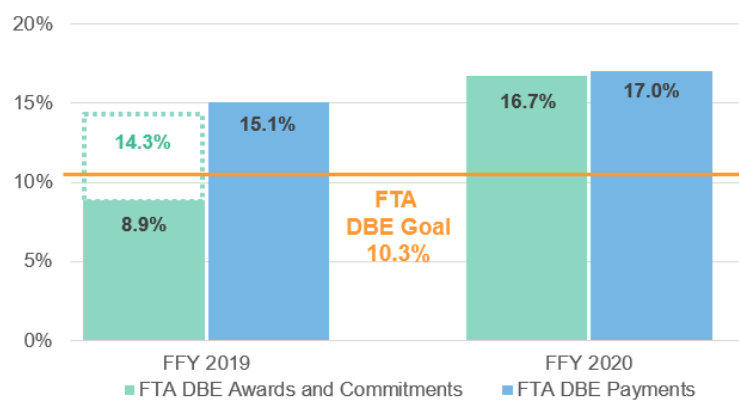
- Black American
- Hispanic American
- Native American
- Asian-Pacific American
- Subcontinent Asian American
- Women

Overall Disadvantaged Business Enterprise Goal

The DOT requires submission of a DBE goal-setting methodology on a three-year basis, which establishes an agency-wide DBE goal for FTA-assisted contracts. At its July 27, 2018, meeting, the SANDAG Board of Directors approved the Final Federal Fiscal Year (FFY) 2019 - FFY 2021 FTA Triennial Overall DBE Goal. The FFY 2019 – FFY 2021 Overall DBE Goal of 10.3 percent was effective on October 1, 2018, and continues through September 30, 2021.

Chart 2-1

**SANDAG FTA DBE Goal, Awards, & Payments
FFY 2019 - 2020**



SANDAG conducts annual reviews to account for changes that may warrant an adjustment to the overall triennial goal or an adjustment to the DBE Program based on changed circumstances to ensure the overall goal and the program are consistent with DOT regulations. ODE evaluated the amount of DBE awards and commitments for the first two FFYs of the triennial period and the results are shown in Chart 2-1.

In FFY 2019 (October 1, 2018, through September 30, 2019), the overall DBE goal was 10.3 percent and SANDAG achieved 8.9 percent in DBE awards and commitments. This is below the overall DBE goal, however upon review, ODE determined that a large amendment was executed during this period with no DBE goal. SANDAG would have achieved 14.3 percent DBE participation if the amendment had not been executed.

In FFY 2020 (October 1, 2019, through September 30, 2020), the overall DBE goal was 10.3 percent and SANDAG achieved 16.7 percent in DBE awards and commitments.

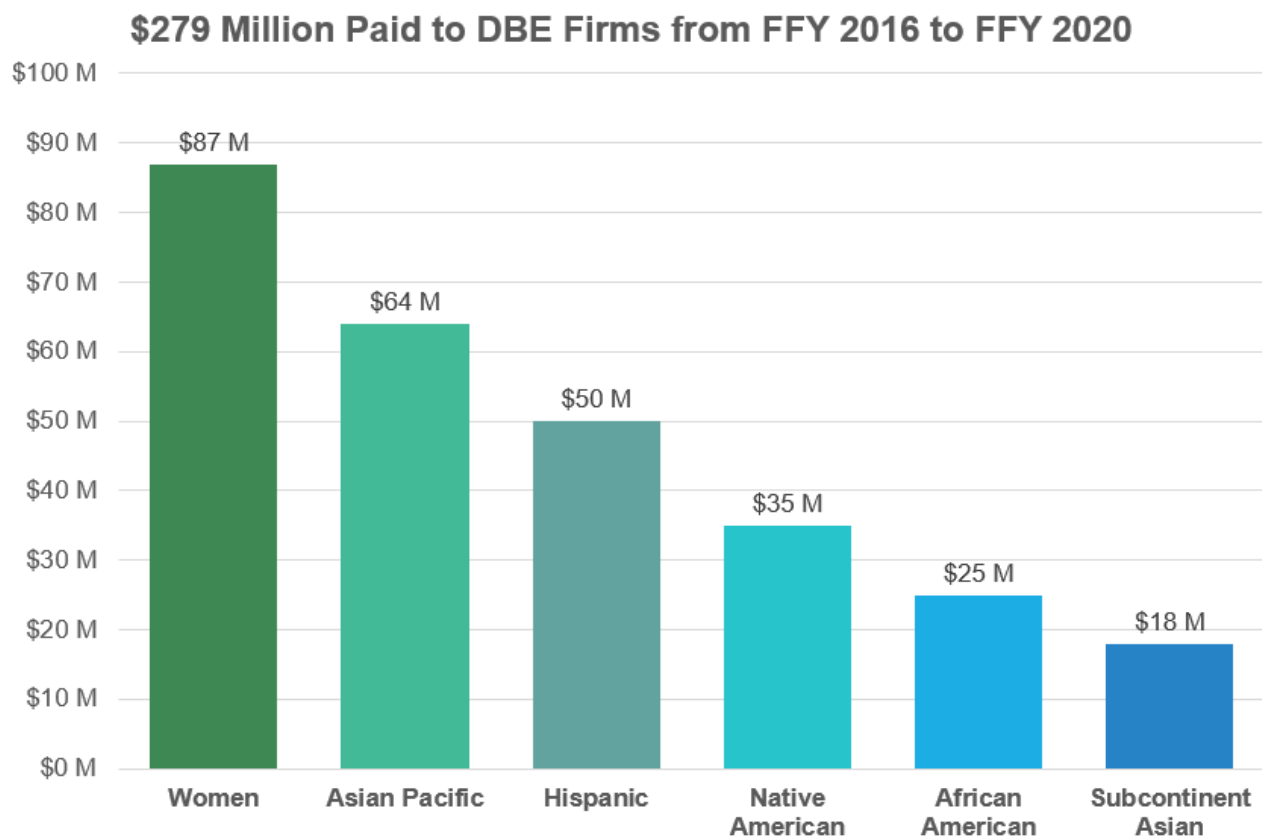
Based on the results of DBE participation for FFY 2019 and FFY 2020, ODE does not recommend that any adjustments be made to the DBE Program or overall DBE goal at this time. ODE will continue to monitor the DBE awards and commitments to ensure DBE goals are set to meet the overall triennial goal of 10.3 percent.

ODE also conducted a review of payments made by prime contractors and consultants to DBEs on all existing FTA-assisted contracts. For FFY 2019, payments to DBEs amounted to 15.1 percent of all payments made and in FFY 2020, SANDAG achieved 17.0 percent in DBE payments.

Disadvantaged Business Enterprise Payments on All Contracts

SANDAG has paid \$279 million to DBEs on all contracts, regardless of funding source, over the past five FFYs. The distribution to the various DBE groups is shown in Chart 2-2 below:

Chart 2-2



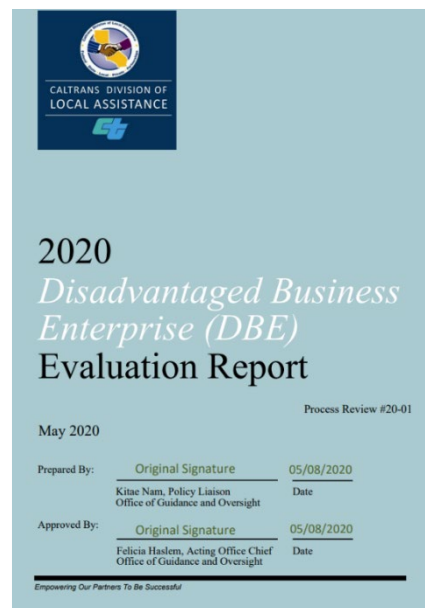
In addition to setting contract-specific DBE goals on FTA and FHWA funded projects and the creation of three Bench programs (Attachment 4), SANDAG has implemented several programs and measures to encourage and facilitate small and disadvantaged firms to do business with the agency.

Caltrans DBE Evaluation Report

In early 2020, the Caltrans Division of Local Assistance conducted a study regarding the DBE program and selected 19 agencies that are subrecipients of FHWA funding for on-site process reviews of the DBE program compliance with 49 CFR 26 and Chapter 9 of the Local Assistance Procedures Manual (LAPM). The reviews were conducted to identify and document areas of improvements addressed in this report, with the intent of increasing agencies' awareness of the DBE requirements in 49 CFR 26. The 19 agencies were reviewed regarding administration of the DBE program, project goal setting, Good Faith Effort (GFE) methodology, and project goal attainment.

Overall performance of DBE programs throughout the state was unsatisfactorily low (Table 1), at a compliance rate of 43%. Lack of agency procedures consistent with the 49 CFR 26 regulatory statutes, and agencies' seeming unfamiliarity with federal requirements and the guidance listed in the LAPM, have caused a low level of conformity to DBE and GFE regulations. Other than SANDAG, all agencies' compliance was below 80%.

SANDAG was the only agency that was fully compliant in all review areas. The SANDAG DBE program is effective and important to stakeholders in the region as a compliant DBE Program allows SANDAG to administer its DOT funded projects with confidence. The SANDAG DBE Program has been instrumental in providing increased opportunities to minority and women owned small businesses through its many effective measures, including the Bench Program and having attainable DBE contract goals. Having a compliant DBE Program also allows SANDAG to continue to receive timely and full reimbursements for DOT funded projects.



District	Agency	Nondiscrimination & Contract Assurance	DBELO	Prompt Payment (Progress)	Prompt Payment (Retainage)	Performance Monitoring (Termination)	Performance Monitoring (Remedy)	Commitment vs. Utilization	DBE Goal Setting	General GFE Procedures	GFE Prime Contractor Requirements	Hearing Procedures
1	Lake County	O	O	A&E	X	X	X	X	X	X	O	X
3	Butte County	O	O	O	X	X	X	X	X	X	O	X
3	City of Elk Grove	O	O	X	CON	O	O	X	X	X	X	O
3	City of Rancho Cordova	O	O	A&E	X	X	X	X	X	X	O	X
3	El Dorado County	O	O	A&E	X	X	CON	O	O	O	O	O
3	Town of Truckee	O	O	X	X	O	X	X	O	O	O	X
4	County of Santa Clara	O	O	CON	CON	X	X	O	O	O	O	O
4	City of Palo Alto	O	O	A&E	X	CON	CON	X	X	X	O	X
5	Transportation Agency of Monterey County	O	O	X	X	X	X	X	X	X	X	X
7	City of Long Beach	X	O	X	X	X	X	X	X	X	O	X
7	City of Los Angeles	X	O	X	X	O	O	N.A.	X	X	O	X
7	Los Angeles County	X	O	X	CON	X	X	N.A.	O	X	O	X
8	City of Moreno Valley	X	O	X	X	X	X	X	X	X	X	X
9	City of Ridgecrest	CON	O	X	CON	O	O	X	O	O	O	X
11	City of San Diego	O	O	CON	CON	O	X	X	X	X	X	O
11	Imperial County	O	O	CON	CON	X	O	O	O	O	O	O
11	San Diego County	O	O	CON	CON	O	O	X	X	O	O	O
11	SANDAG	O	O	O	O	O	N.A.	O	O	O	O	O
12	City of Westminster	CON	O	CON	CON	X	X	O	X	O	O	X
Compliance Rate (%)		68%	100%	11%	5%	37%	28%	29%	37%	42%	79%	37%

O: compliant
X: non-compliant
A&E: only professional services contract compliant
CON: only construction contract compliant

Bench Program

Background

SANDAG is responsible for new construction, engineering, and various other federal, state and *TransNet* funded design projects. SANDAG issues solicitations for many large planning, design, and construction management projects on behalf of the two transit agencies in the San Diego region. SANDAG began using on-call master agreements for Environmental Planning and Architecture & Engineering Design Services (A&E) procurements and this work is issued through task orders.



The first On-Call A&E procurement was released in 2005 and was for \$60 million. A DBE goal was set at the overall contract level at 10%. This On-Call task order process enabled SANDAG to expedite projects to become shovel ready. SANDAG was positioned to apply for millions of dollars of the American Recovery and Reinvestment Act (ARRA) federal program funding because projects were ready for construction.

In 2008, a second procurement was released and was advertised for up to \$175 million. During this period of time, it was a federal requirement to have a race neutral DBE program, which prohibits setting goals on contracts, until a disparity study was completed. Therefore, SANDAG did not set contract-specific DBE goals and instead, Prime Consultants were highly encouraged to utilize DBE participation. In 2011 SANDAG moved forward with conducting the first DBE Disparity Study with the Los Angeles County Metropolitan Transportation Authority (LA Metro), Orange County Transportation Authority (OCTA), Metrolink and Metropolitan Transportation System (MTS) to form a Disparity Study consortium.

In 2011, SANDAG was preparing to execute 15 On-Call Master Agreements valued at \$260 million for Environmental Planning and Architecture & Engineering Design Services (A&E) and was searching for a way to increase the participation of DBE and SB firms. SANDAG management discussed many ideas for creating better methods to include these firms. A steering committee was established with the purpose of exploring new methods for including DBE firms on A&E task orders. The committee consisted of representatives from various SANDAG departments and included the Office of Small Business Development, Contracts and Procurement, Engineering and Construction and a large A&E prime who had recently graduated from the DBE program.

The committee researched how other agencies handle similar on-call task order work and specifically reviewed the LA Metro Bench Program which was made up of Prime Consultants and awarded work on a revolving basis. They discussed the nature of on-call work and the requirements for naming DBE subcontractors when the work is not clearly defined. The committee discussed creating a Bench for Prime Consultants to access DBE firms and SBs that were within the required scope of work (SOW) and North American Industry Classification System (NAICS) codes and were interested in performing work on task orders.

The Bench program was developed to create opportunities for small and disadvantaged businesses to participate in SANDAG on-call contracts. The Bench is composed of firms that are certified as a Small Business (SB) by the California Department of General Services (DGS) or a DBE certified by the California Unified Certification Program (CUCP). The Bench is open to SB and DBE firms that provide a variety of A&E professional services that serve as a pool of certified firms that prime consultants will be able to access for work on SANDAG projects.

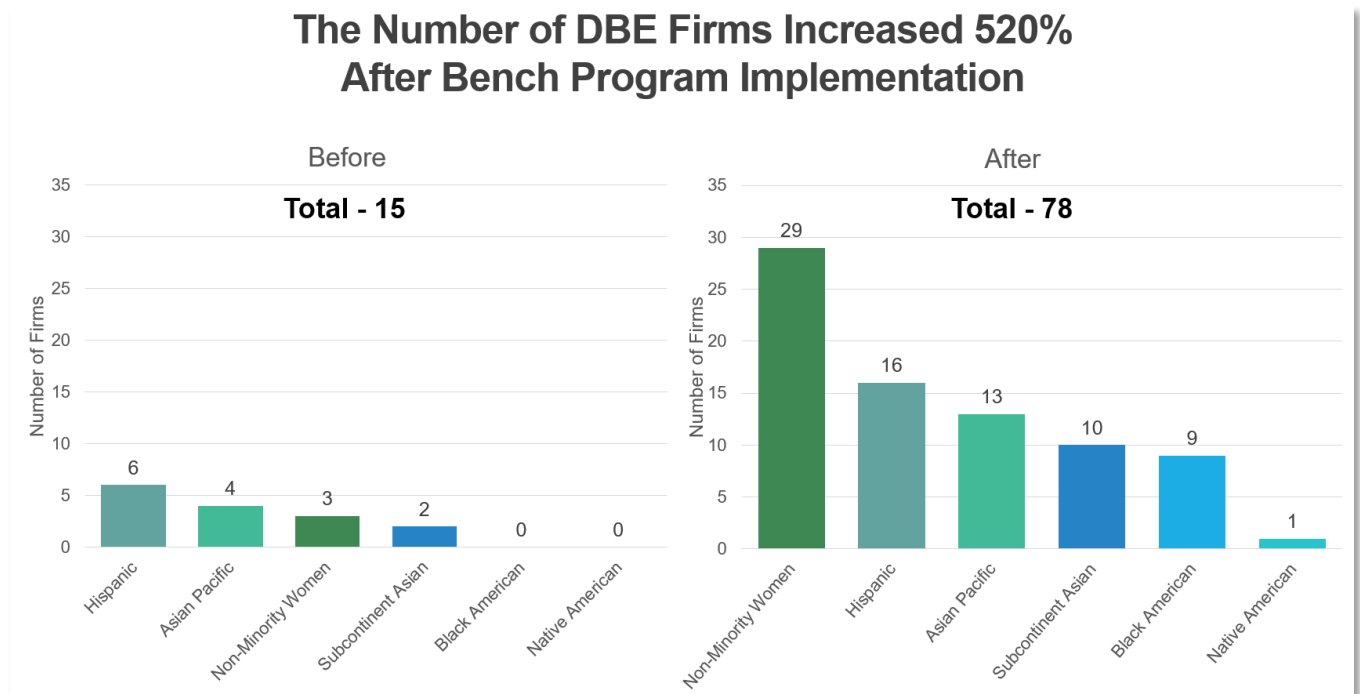
The Bench Program provides prime consultants with a pool of SB and DBE firms for consideration on various task orders that require DBE participation. It also increases small and disadvantaged business opportunities, promotes and fosters diversity, and acts as a conduit for creating partnerships between large and small firms.

In 2012, SANDAG awarded another procurement of A&E On-Call Contracts utilizing the new process and it allowed SANDAG to develop task order DBE goals. Within months, both the primes and DBE firms reported the process was significantly improved and SANDAG experienced a tremendous increase in DBE participation on the A&E On-Call contracts.

A&E Contracts Before & After Bench Implementation

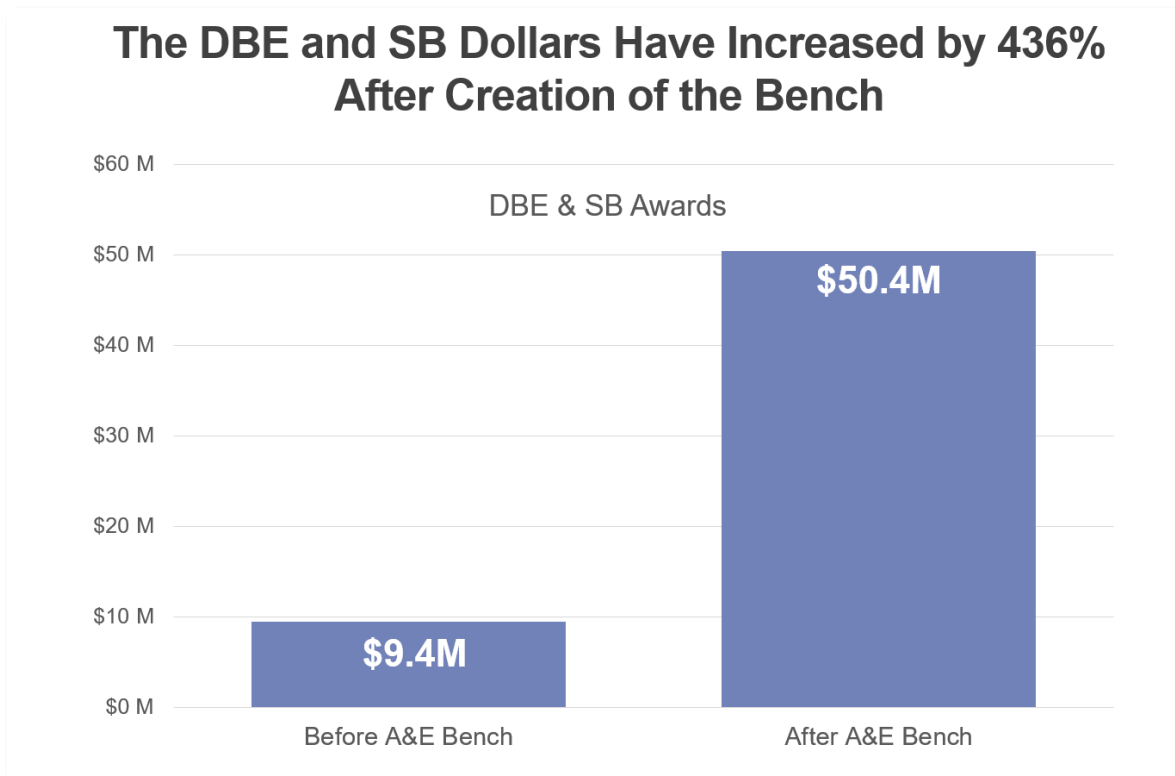
ODE analyzed the utilization of DBE firms on A&E contracts both before and after the implementation of the Bench program. The number of DBE firms used increased dramatically, as shown in Chart 4-1. The number of subcontracts awarded to DBEs increased 520 percent.

Chart 4-1



The value of subcontracts awarded to DBE firms on the A&E on-call procurements also increased dramatically after the Bench was established, as shown in Chart 4-2.

Chart 4-2



Current Bench Status

SANDAG performed an internal audit that measured and validated the success of the Bench Program. It documented that the amount of work allocated to DBE/SB Primes and subconsultants on Bench projects was significantly higher than contracts that did not have a Bench Program.

A&E On-Call Bench

SANDAG has released two A&E On-Call Bench procurements; the 2012 A&E On-Call which was completed in June 2019, and the 2017 A&E On-Call that is ongoing until 2021. Together, these procurements awarded \$74 million to 135 DBE and SB firms as shown in Table 1 below.

Table 4-1

	2012 A&E On-Call	2017 A&E On-Call	Total A&E On-Calls
Number of On-Call Contracts	15	17	32
Total Executed Task Order Value	\$306M	\$142M	\$448M
Number of Bench Firms Used	103	47	135*
DBE+SB Commitment	\$50M	\$24M	\$74M
DBE+SB Utilization	16.5%	16.7%	16.5%

*This represents the number of unique firms across both A&E On-Call Contracts for 2012 and 2017.

SANDAG is scheduled to release a new A&E On-Call procurement in 2021.

CM On-Call Bench

The success of the A&E Bench led to ODE creating a Construction Management (CM) Bench. In 2016, SANDAG awarded eight (8) On-Call Contracts for Construction Management Services with an estimated value of \$125 million. In addition, two On-Call CM Contracts were executed to support the Mid-Coast Corridor Transit Project and are valued at an estimated \$120 million. The CM On-Call contracts awarded \$43 million to 21 DBE and SB firms as shown in Table 2 below.

Table 4-2

	CM On-Call
Number of On-Call Contracts	10
Total Executed Task Order Value	\$155M
Number of Bench Firms Used	21
DBE+SB Commitment	\$43M
DBE+SB Utilization	28.1%

SANDAG is scheduled to release a new CM On-Call procurement in 2021.

Planning On-Call Bench

A new Planning Bench was created by the request of Planning Project management and consultants. In 2020, SANDAG executed ten On-Call Planning Services contracts that are estimated up to \$40 million.

Mid-Coast Project

Overview

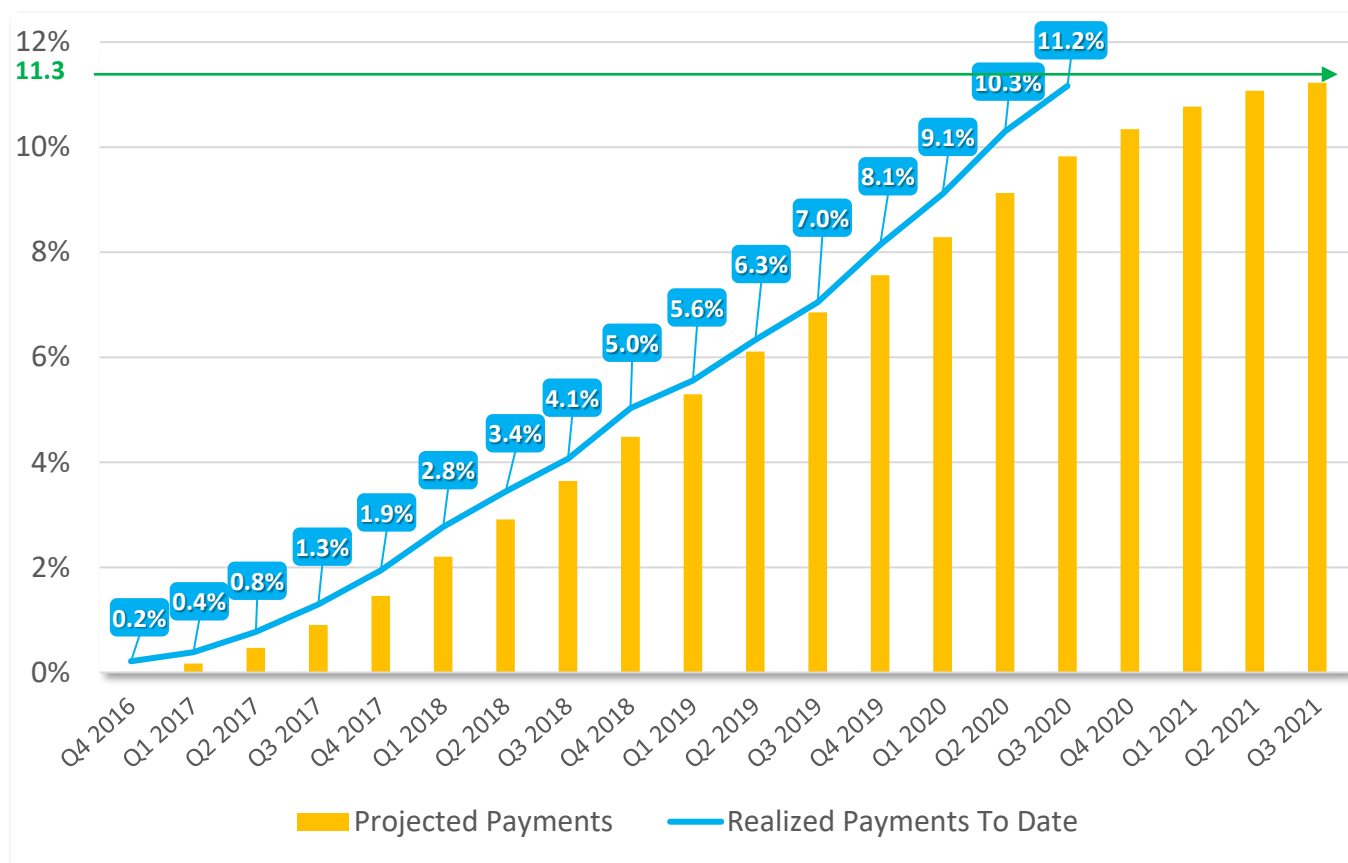
The Mid-Coast Corridor Transit Project (Mid-Coast) is a full-funding grant agreement and as such the Federal Transit Administration (FTA) requires a project DBE goal that is separate from the overall program DBE goal. SANDAG established a Mid-Coast project DBE goal of 11.3 percent and in support of this goal, individual goals have been assigned to various phases of the Mid-Coast Project. SANDAG awarded the Construction Manager/General Contractor (CM/GC) contract for Mid-Coast to Mid-Coast Transit Constructors (MCTC) in September 2014. This is the first CM/GC project undertaken by SANDAG and it was the first instance where a DBE/SB subcontracting plan was used as a guide for how MCTC would meet their DBE goal.

The Plan requires a commitment/spend schedule, technical assistance, and supportive services. SANDAG monitors the Subcontracting Plan to ensure MCTC is maximizing the use of DBEs and small businesses on the project. The objective is to provide access to contracting opportunities to as many DBE and small businesses as possible so that SANDAG may meet or exceed the project's DBE goal.

Project Status

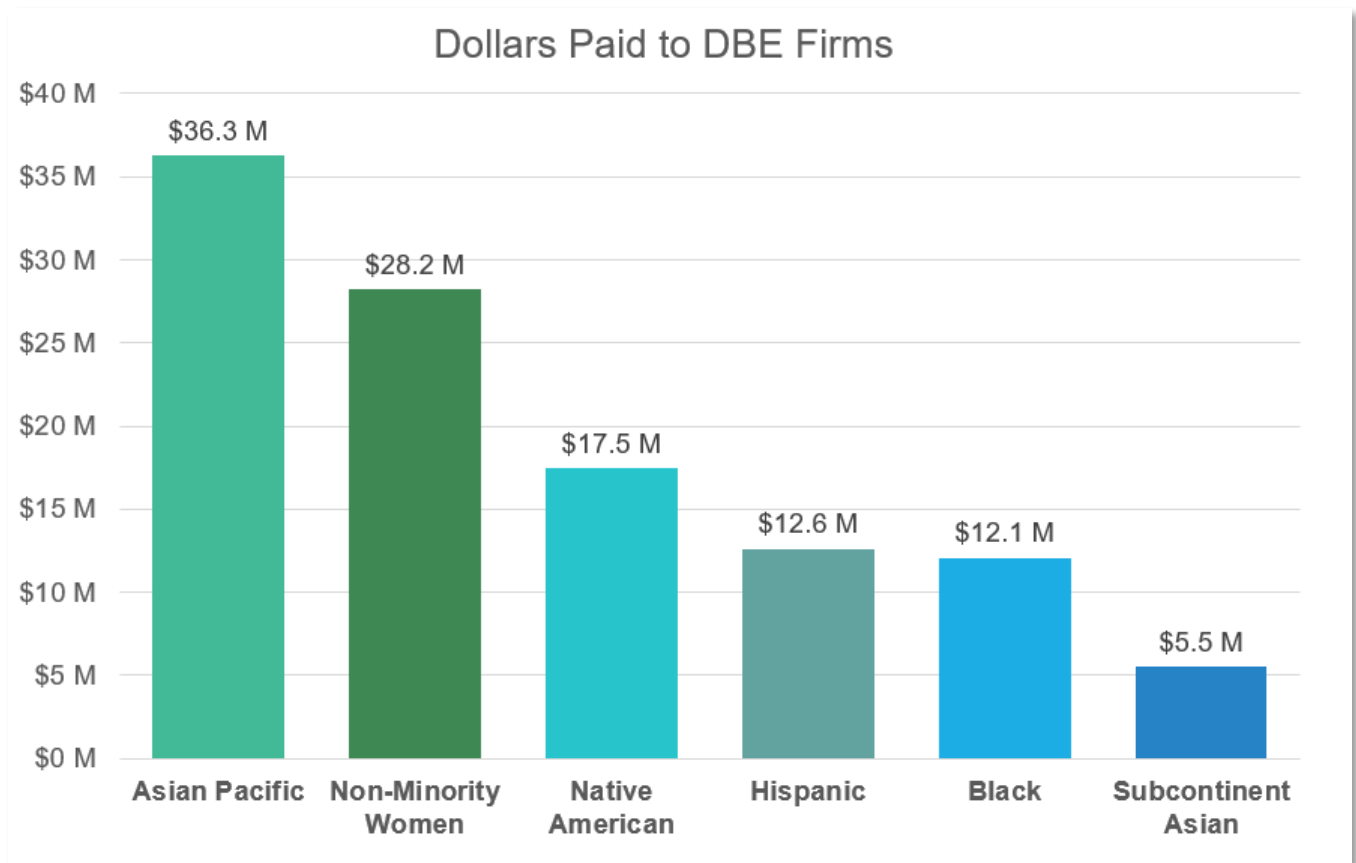
The construction phase of the Mid-Coast Project has a DBE goal of 11.3 percent and is scheduled to be completed in July 2021. MCTC has achieved 11.2 percent DBE participation through FFY 2020 as shown on Chart 5-1.

Chart 5-1



MCTC awarded 159 subcontracts to 108 DBEs and has paid more than \$115 million to DBE firms through September 30, 2020. The breakdown of payments by DBE category is shown in Chart 5-2 below.

Chart 5-2



Mid-Coast DBE Success Stories



Moor Electric (Moor) is an electrical services subcontractor and is DBE certified as a Black American owned firm and a small business. The firm was awarded an initial \$25,000 contract in June of 2017 and started with the owner, the only employee, working on the contract. Moor's participation has grown to over \$1.3 million and now has 6 staff working on the project. With the experience gained from working on the Mid-Coast project, Moor was able to increase their scope of work to include meter pedestal installs, lighting installs,

and troubleshooting. Moor also gained access to larger projects with the City of San Diego and new construction for the Bay Terrace Senior Center and Bud Kearns.



Ace Fence Company (Ace) is a fencing services company that is DBE certified as a female Asian-Pacific owned and small business. Ace was awarded a \$709,000 contract on Mid-Coast in September 2016 with 15 employees providing services. Throughout the project their award has increased to \$6.5 million and they are now utilizing 96 workers on the project. Ace has gained 14 new change orders and has been able to purchase nine (9) new vehicles. They have been able to add experience to their resume that has assisted them in gaining new contracts with the West Mission Bay Drive Bridge Project, Flatiron, and All American Asphalt.

LEINAIA'S TRANSPORTATION

Leinaia's Transportation began as a one-woman business with a single truck that she purchased at a salvage yard and conducted her business out of the cab of her truck. In 2013, she attended numerous small business outreach and workshop events hosted by SANDAG in the four corners of the region. By attending these events, Leinaia learned the importance of becoming DBE certified. She also

attended an eight-week training workshop hosted by SANDAG and the Department of Transportation where she was seated next to MCTC's Senior Vice President. The connection between Leinaia and MCTC at this training meeting was the catalyst that increased her business exponentially.

Leinaia's initial contract on the Mid-Coast project was \$500,000 using just her one truck. Today she has 18 trucks and 20 employees, and her contract award is now over \$9 million. She has also been awarded additional work with other public agencies and between the two is valued at up to \$18 million.

Workforce Utilization Program

Historically, ODE has successfully focused on creating opportunities for minority and women owned firms. The next phase of the ODE program is workforce utilization. SANDAG partnered with the San Diego Workforce Partnership and the San Diego (SD) County Building and Construction Trades Council to apply for the SB 1 grant to establish the required pre-apprenticeship program. This partnership formed the Apprenticeship Readiness Collaborative (ARC) and in November 2020, was awarded \$1.5 million for the San Diego region. The pre-apprenticeship program is being created to assist underserved individuals in under-represented communities. SANDAG is a recipient of SB 1 funding from the state and is required “to participate in, invest in, or partner with new or existing pre-apprenticeship training programs.”

The upcoming 24-month pre-apprenticeship program will provide more than 120 individuals throughout the San Diego region with the resources necessary to successfully complete the program. Participants will receive internships on jobsites and be provided the tools (hard hat, two pairs of work clothing, steel-toed boots, tool belt, tools, gloves, and vest) necessary for work on a construction site. Participants will also learn crucial soft skills necessary to maintain employment. Graduates will be job-ready and have the confidence and improved skills to apply for an apprenticeship program or a construction-related career.

Using an “earn and learn” strategy including a paid work component will be essential to the success of the students in the pre-apprenticeship program. Pre-apprenticeship increases access to high-quality careers in the trades for populations that face barriers to employment and/or remain under-represented in the industry (e.g., women, people of color, low-income, foster youth, and the formerly incarcerated).

For many program participants, this is the only way they can afford to advance their education while supporting themselves and their families. Supportive services, case management, and counseling will help participants overcome obstacles so they can enter and succeed in the workforce. The program will assist individuals with career counseling, resume building, job applications, practice interviews, apprenticeship entrance exam readiness, and college and financial aid applications.

ODE has been a champion for minority and women owned businesses and is now ready to support another segment of underserved residents. ODE is prepared to work with local communities to recruit and develop workers that have been marginalized or discriminated against so that all individuals are provided an opportunity to participate in SANDAG projects. Through programs such as ARC, SANDAG will actively participate in addressing past discrimination, inequities, and exclusion for people who previously have been unable to access opportunities and that would enable a brighter future for themselves and their families.

Bridging the Digital Divide in the San Diego Region

Overview

Access to the internet has become critical to our lives and livelihood. Fully participating in economic and educational opportunities, and accessing goods, services, health, and safety information relies heavily on information and communications technology (ICT), including broadband service, computers, and smart phones.

The digital divide refers to the growing gap between the members of society who do not have reliable access to ICT, mainly low-income and rural populations, and those who do. Recent crises like the global pandemic and severe wildfires have exacerbated these disparities putting unconnected and under-connected residents at a disadvantage.

Closing the digital divide also has implications for mobility and sustainability. Working from home and other remote access options have the potential to reduce car travel and the associated vehicle miles traveled and greenhouse gas emissions. It supports local jurisdictions with “Smart City” initiatives that can improve municipal operations, civic engagement, traffic flow, and reduce energy consumption. Broadband—which is a high-speed internet connection—also is critical to the future of transportation and the ability to fully benefit from technology advancements that can drastically improve transportation operations and safety, and bring technology enabled mobility services to communities who need it most.

SANDAG staff will present recent efforts across the state to address the digital divide and discuss work to develop a Regional Digital Equity Strategy and Action Plan that prepares the region to accelerate broadband access through partnerships.

Key Considerations

In August 2020, Governor Newsom issued Executive Order N-73-20: State Broadband Action Plan Development directing state agencies to address the digital divide by deploying affordable and reliable broadband networks throughout California, and accelerating improvements in economic and workforce development, education, economy, and public engagement. The Executive Order mandates that the California Broadband Council create a new [State Broadband Action Plan](#) (released December 31, 2020) and enumerates specific actions that various state agencies take in order to increase access to broadband in the areas of Mapping and Data, Deployment, and Adoption.

Specific to transportation, the Executive Order directs the California State Transportation Agency and California Department of Transportation to work with the California Transportation Commission to identify and incorporate the installation of conduit and/or fiber into all appropriate and feasible transportation projects along strategic corridors. The full text of the executive order is provided as Attachment 1.

Action: **Adopt**

The Board of Directors is asked to adopt Resolution No. 2021-09, supporting increased broadband access to bridge the digital divide throughout the San Diego region. The Board also is asked to encourage member agencies to adopt similar resolutions within their jurisdictions.

Fiscal Impact:

Development of the Digital Equity Strategy and Action Plan is funded through Overall Work Program Elements No. 3310714 and 3503000.

Schedule/Scope Impact:

The Digital Equity Strategy and Action Plan is expected to be complete in winter of 2021.

To support the state's Broadband Action Plan, SANDAG joined an effort with the Southern California Association of Governments and other public and private sector stakeholder organizations to create a framework that streamlines the deployment of broadband infrastructure that better prepares Southern California for future pandemics and other emergencies. A major focus of this collaboration has been on developing a draft model broadband resolution for local jurisdictions and regional agencies to expand broadband access.

Adopting a resolution that demonstrates commitment to bridging the digital divide will better position the region to take advantage of potential funding opportunities and partnerships. In addition to adopting Resolution 2021-09 today, Board members are also asked to encourage member agencies to adopt similar resolutions. A draft model resolution for local jurisdictions is provided as Attachment 3.

SANDAG also formed a digital divide taskforce to provide technical input on the development of a Regional Digital Equity Strategy and Action Plan. The taskforce consists of representatives from public agencies, broadband providers, education, public health, and non-profit organizations that are actively working for this cause.

A first step in the development of a strategy is conducting research and collecting data that will identify broadband access gaps, local policy and permitting inconsistencies, challenges with broadband deployment, and federal and state broadband initiatives that could benefit the region. The research will also identify efforts already underway in the region and determine opportunities for cooperation and coordination. A national scan will be conducted to discover best practices for planning, policies, permitting, partnerships, and other business practices that lead to efficiency and cost savings. The outcomes of the research will provide focus for the Regional Digital Equity Strategy and Action Plan.

Next Steps

Broadband data collection and research is underway with support from the digital divide taskforce. This research will identify broadband gaps in the San Diego region and best practices for expanding broadband access. Staff will share outcomes from the research and best practices for discussion with SANDAG working groups and policy committees in spring 2021. The Digital Equity Action Plan is expected to be completed in winter 2021.

Hasan Ikhata, Executive Director

Key Staff Contact: Antoinette Meier, (619) 699-7381, antoinette.meier@sandag.org

Attachments:

1. Executive Order N-73-20
2. Resolution No. 2021-09
3. Sample Model Resolution for Local Jurisdictions

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

EXECUTIVE ORDER N-73-20

WHEREAS deploying affordable and reliable broadband networks throughout California will accelerate continuous improvements in economic and workforce development, infrastructure, public safety, education, economy, and an engaged citizenry; and

WHEREAS broadband access, adoption, and training are essential components of digital equity for California's diverse populations; and

WHEREAS over 2,000,000 Californians do not have access to high-speed broadband service at benchmark speeds of 100 megabits per second download, including 50 percent of rural housing units; and

WHEREAS as of December 2018, 23 percent of California housing units, housing 8.4 million residents, do not have broadband subscriptions; and

WHEREAS despite the increasing importance of broadband for employment, health, public safety information and community connections, 34 percent of adults 60 and over do not currently use the Internet; and

WHEREAS the COVID-19 pandemic has amplified the extent to which broadband is essential for public safety, public health, and economic resilience; and

WHEREAS the COVID-19 pandemic has caused schools to shift to distance learning; and

WHEREAS telehealth greatly expands the ability of Californians to access medical, behavioral and oral health services, and has been prioritized across health systems during the COVID-19 pandemic, yet not all Californians have access to sufficient broadband to allow live video connections; and

WHEREAS effective emergency services require using broadband infrastructure to integrate data in real time from all available sources so decision makers at the local, regional, and statewide level have access to the information necessary for the protection of lives and property; and

WHEREAS local and tribal governments play a critical role in understanding the broadband needs of their communities and in infrastructure planning and permitting.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this Order to become effective immediately.

IT IS HEREBY ORDERED THAT:

1. California state agencies subject to my authority are directed to pursue a minimum broadband speed goal of 100 megabits per second download speed to guide infrastructure investments and program implementation to benefit all Californians.
2. The California Broadband Council is requested to create a new State Broadband Action Plan by December 31, 2020, and to review the plan annually thereafter. The California Department of Technology's Office of Broadband and Digital Literacy is directed to support and monitor implementation of the Plan and this Executive Order. The Plan shall incorporate the 100 megabits per second goal, and include the following elements:
 - a. A roadmap to accelerate the deployment and adoption of broadband by state agencies and to support such deployment and adoption by local governments.
 - b. Publicly accessible information on all federal and state funding opportunities and eligibility requirements.
 - c. Provisions to maximize the inclusion of tribal lands in all broadband access and adoption opportunities developed in consultation with tribal governments.

MAPPING AND DATA

3. The California Public Utilities Commission (CPUC) is requested to lead data aggregation and mapping efforts in collaboration with the California State Transportation Agency (CalSTA) and other relevant state agencies, local and tribal governments, and regional consortia. These efforts should address:
 - a. Locations without broadband access;
 - b. Information on public and private broadband network infrastructure;
 - c. State-owned infrastructure and rights of way;
 - d. The costs of deploying various middle and last-mile network components; and
 - e. Information to support the development of local broadband infrastructure deployment and digital equity plans.
4. The California Department of Technology (CDT), in collaboration with the Governor's Office of Business and Economic Development (GO-Biz) and the Department of General Services (DGS), is directed to regularly convene private-sector companies in an effort to understand and predict current and future demand for broadband, for the purpose of enabling the State to more effectively allocate resources and manage policies and

programs supporting broadband goals and continuing the State's leadership in broadband innovation.

FUNDING

5. GO-Biz is directed to identify funding opportunities for broadband deployment and adoption by:
 - a. Collaborating with all cabinet-level agencies, independent departments, and independent constitutional officers to create a list of funding sources to support broadband, equipment, and digital literacy; and
 - b. Coordinating efforts of state agencies to maximize federal broadband funding for California.
6. CDT, in collaboration with DGS, is directed to seek opportunities to leverage the State's contract authorities as resources to further statewide broadband access and adoption.

DEPLOYMENT

7. CalSTA and California Department of Transportation (Caltrans) are directed to work with the California Transportation Commission (CTC) to identify and incorporate the installation of conduit and/or fiber into all appropriate and feasible transportation projects along strategic corridors.
8. CPUC, in collaboration with CDT and other relevant agencies, is requested to seek opportunities to use programs under its jurisdiction to accelerate broadband deployment and to leverage utility infrastructure to increase access to existing fiber and cost-effectively deploy new fiber.
9. DGS is directed to provide an inventory of state property for possible use for broadband infrastructure based on such criteria as may be provided by the CPUC, Caltrans, and other relevant agencies, to accelerate broadband deployment.
10. The Governor's Office of Emergency Services (CalOES) is directed to coordinate with jurisdictions implementing Next-Generation 9-1-1 to expand broadband infrastructure to enhance public safety and disaster preparedness, response, recovery, and mitigation capabilities.
11. The California Department of Food and Agriculture (CDFA) is directed to identify and facilitate new broadband projects that support precision agriculture and food systems in rural communities. CDFA is also directed to work with CalOES to inventory the status of existing broadband connectivity at all fairgrounds.
12. The California Department of Housing and Community Development and the California Housing Finance Agency are directed to provide recommendations to the CPUC to increase free or low-cost broadband connectivity at all publicly subsidized housing communities for residential units.

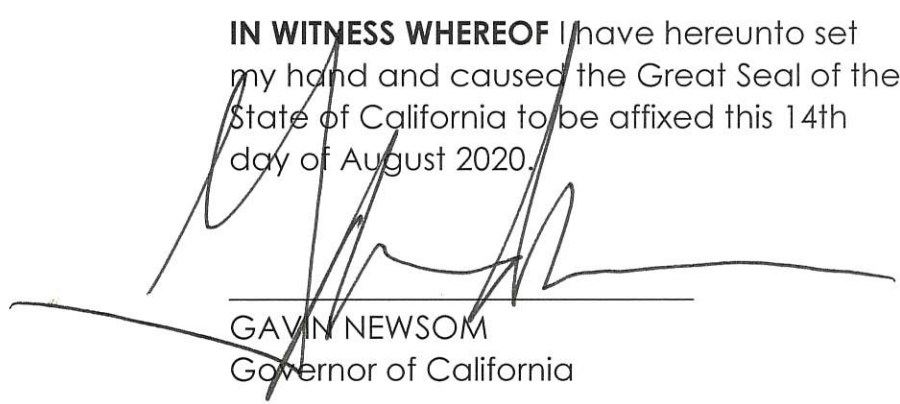
ADOPTION

13. GO-Biz is directed to coordinate the outreach efforts of existing statewide programs and institutions to inform residents of affordable Internet service offerings, including:
- a. The CPUC is requested to develop tools for low-income individuals and social service organizations to easily identify and subscribe to affordable broadband plans;
 - b. The California Emerging Technologies Fund is directed to continue promoting affordable home Internet service offers to recipients of the National School Lunch Program; and
 - c. The California State Library, in consultation with local libraries, is directed to promote affordable home Internet services within their communities.
14. The California Department of Education is requested to continue leading statewide efforts to ensure that students have the computing devices and connectivity necessary for distance learning and online instruction.
15. The California Department of Aging, in partnership with CDT and CPUC, is directed to analyze the needs of people ages 60 and older for access to affordable, reliable, high-speed broadband, and to identify program and partnership opportunities to close the digital divide among older Californians.

IT IS FURTHER ORDERED that, as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given to this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 14th day of August 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



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

Resolution No. 2021-09

RESOLUTION OF THE SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG) SETTING FORTH SUPPORT TO INCREASE BROADBAND ACCESS TO BRIDGE THE DIGITAL DIVIDE THROUGHOUT THE SAN DIEGO REGION

WHEREAS, SANDAG is the designated Metropolitan Planning Organization (MPO) for the San Diego Region;

WHEREAS, SANDAG is committed to bringing the region's diverse residents and local partners together with unifying regional plans, policies, and programs that result in more healthy, sustainable, and economically resilient communities;

WHEREAS, SANDAG recognizes that closing the digital divide is critical to providing long-term community benefits; including, the ability to fully engage in the digital economy, access to existing and emerging services, and the expansion of economic opportunities, thereby bridging the economic divide;

WHEREAS, the COVID-19 pandemic has amplified the need for available, reliable, and affordable broadband services in all communities;

WHEREAS, the COVID-19 pandemic has caused schools to shift to distance learning;

WHEREAS, the COVID-19 pandemic has made the digital divide within underserved communities and/or areas (which include people of color, low-income households, residents in rural areas, and seniors) more apparent;

WHEREAS, SANDAG recognizes that lack of infrastructure, cost, and household income are key barriers to broadband access;

WHEREAS, all residents, businesses, and institutions need high-speed broadband services where they work, live, learn, and play;

WHEREAS, high-speed broadband enables Work from Home and remote workers, enhances business efficiencies, drives job creation throughout the region, and connects customers and partners worldwide to goods and services;

WHEREAS, high-speed broadband is a "green technology" that reduces our impact on the environment and shrinks our regional carbon footprint, offsetting vehicle trips and use of resources and saving energy;

WHEREAS, high-speed broadband greatly expands the ability of residents throughout the region to access medical, behavioral, and other health services and the capacity of public health officials to monitor and respond to health threats such as COVID-19 and other diseases;

WHEREAS, high-speed broadband enables greater civic participation and brings communities together, helps improve public safety, and makes our transportation systems more resilient and efficient;

WHEREAS, effective emergency services require using high-speed broadband to integrate data in real time from all available sources, so decision makers have access to the information necessary for the protection of lives and property;

WHEREAS, evaluating and/or developing strategies to bridge the digital divide supports SANDAG's commitment to address equity issues throughout the San Diego region;

WHEREAS, developing strategies to bridge the digital divide would assist in implementing the Regional Plan and Sustainable Communities Strategies and the development of future Regional Plans and Sustainable Communities Strategies.

NOW, THEREFORE, BE IT RESOLVED, that the SANDAG Board of Directors:

1. Declares that bridging the digital divide is integral to developing a healthy, resilient, and economically competitive region;
2. Supports rules, regulations, programs, and funding opportunities by the United States Federal Communications Commission and California Public Utilities Commission to support broadband deployment opportunities to bridge the digital divide;
3. Supports Executive Order N-73-20 signed August 14, 2020 that seeks to accelerate work towards closing gaps in access to reliable broadband networks throughout California;
4. Supports collaboration with local jurisdictions within the region, broadband providers, school districts (K-12), community college districts, universities, community-based organizations and business stakeholders, Regional Broadband Consortia, California Emerging Technology Fund, MPOs, the State of California and other federal, state, and regional organizations that have similar goals to increase broadband access;
5. Hereby directs staff to develop a Digital Equity Strategy and Action Plan, based on a broadband gap analysis and needs assessment, that brings regional stakeholders together to identify model policies, tools, and implementation strategies to close the Digital Divide in the San Diego region.

PASSED AND ADOPTED this [Insert date] of [Insert month & year].

Attest:

Chair

Secretary

Member Agencies: Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach, Vista, and County of San Diego.

Advisory Members: California Department of Transportation, Metropolitan Transit System, North County Transit District, Imperial County, U.S. Department of Defense, Port of San Diego, San Diego County Water Authority, Southern California Tribal Chairmen's Association, and Mexico.

SAMPLE MODEL RESOLUTION NO. 2021-XXXX
SETTING FORTH SUPPORT TO INCREASE BROADBAND ACCESS TO UNDERSERVED
COMMUNITIES THROUGHOUT SAN DIEGO COUNTY AND SOUTHERN CALIFORNIA

WHEREAS, closing the digital divide is important and provides long-term community benefits that include the ability to fully engage in the digital economy, access existing and emerging services, expands economic opportunities and bridges the economic divide; and

WHEREAS, the COVID-19 pandemic has amplified the need for available, reliable, and affordable broadband services in all communities; and

WHEREAS, the COVID-19 pandemic has caused schools to shift to distance learning; and

WHEREAS, the COVID-19 pandemic has made the digital divide within low-income and rural communities more apparent; and

WHEREAS, the City (or County) of XXXXXX recognize that cost and household income are primary barriers to broadband access.

WHEREAS, all residents, businesses and institutions need high-speed broadband services where they work, live, learn, and play; and

WHEREAS, high-speed broadband enables Work from Home and remote workers, enhances business efficiencies, drives job creation throughout the region, and connects customers and partners worldwide to goods and services; and

WHEREAS, high-speed broadband is a “green technology” that reduces our impact on the environment, shrinks our carbon footprint, offsetting vehicle trips and use of resources; and

WHEREAS, high-speed broadband greatly expands the ability of residents to access medical, behavioral, and other health services and the capacity of public health officials to monitor and respond to health threats such as COVID-19 and other diseases; and

WHEREAS, high-speed broadband enables greater civic participation and brings communities together, helps improve public safety, and makes our transportation systems more resilient and efficient; and

WHEREAS, effective emergency services require using high-speed broadband to integrate data in real time from all available sources, so decision makers have access to the information necessary for the protection of lives and property; and

NOW, THEREFORE, BE IT RESOLVED on this XX day of XXXXX 2020 that the City (or County) of XXXXXXXX does hereby

1. Support FCCs (United States Federal Communications Commission) and CPUCs (California Public Utilities Commission) rules, regulations, programs and funding opportunities that support broadband deployment opportunities to bridge the digital divide.
2. Support Governor Newsom's Executive Order N-73-20 signed August 14, 2020 that seeks to accelerate work towards closing gaps in access to reliable broadband networks throughout California; and
3. Support collaboration with Southern California jurisdictions, broadband providers, school districts (K-12), community college districts, universities, community and business stakeholders, Regional Broadband Consortia, California Emerging Technology Fund, the State of California and other federal and regional organizations that have similar goals to increase broadband access throughout Southern California; and
4. Determine that closing the digital divide is important and provides long-term community benefits; and
5. Support seeking grant opportunities to establish regional and local programs that provide internet access that bridges the economic digital divide; and
6. Support a minimum broadband speed capability of 100 megabits per second today and 1 gigabit per second by 2030 for all residential and business customers within the urban, suburban, and rural communities of our region; and
7. Support working with collaborating jurisdictions to affect the deployment decisions of broadband providers by lowering permitting fees to a reasonable level; reducing the cost of entry and operation of broadband systems in our communities; reducing the risks of delays during the planning, permitting and construction phases; providing opportunities for increasing revenue and creating new avenues for competitive entry; and
8. Support working with collaborating jurisdictions to identify broadband opportunity zones in underserved communities; and
9. Upon identifying broadband opportunity zones, support working towards a regional effort to expedite low cost broadband deployment by internet service providers, potentially including such features as: waivers for microprojects, deployment of broadband infrastructure in underserved communities and implementation of fixed wireless or other broadband technologies in rural communities; and
10. Supports the concept of 'Dig Once' whereby conduit is installed for future or immediate use for wireless towers, fiber optic or other comparable broadband network installation, whenever underground construction occurs in the public right of way.

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.

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, thereby providing new project funds while minimizing the impact of additional borrowing costs on the overall bond portfolio. In this context, SANDAG staff is recommending 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.

Key Considerations

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 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.

Action: Discussion

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 will be presented.

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.

Next Steps

The expected schedule for the planned Series 2021 Bond issuance is as follows:

- Week of February 1: Receive ratings from rating agencies
- February 5: Transportation Committee – Review final Bond documents
- February 12: Board of Directors – Final review of Bond documents
- 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 Douzajian, Chief Financial Officer

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

- Attachments:
1. PFM Financial Advisors LLC Memorandum
 2. Draft Resolution
 3. Draft Preliminary Official Statement
 4. Draft Eleventh Supplemental Indenture
 5. Draft Third Supplement to Subordinate Indenture
 6. Draft Continuing Disclosure Agreement
 7. Draft Bond Purchase Agreement – Series A
 8. Draft Bond Purchase Agreement – Series B



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.

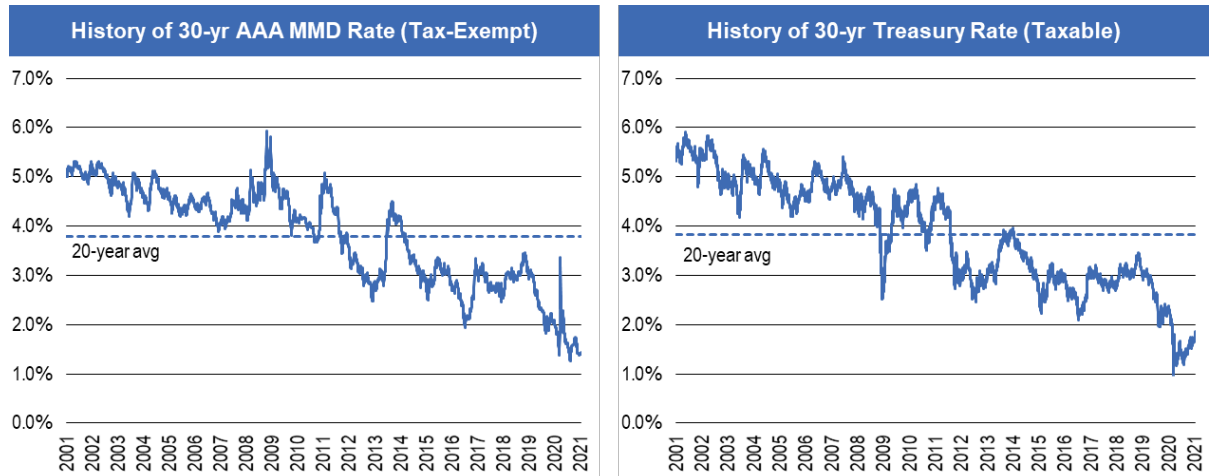
MARKET UPDATE

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.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

RESOLUTION NO. RTC 2021-__

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, THE EXECUTION AND DELIVERY OF ONE OR MORE SUPPLEMENTAL INDENTURES, ONE OR MORE BOND PURCHASE AGREEMENTS, ONE OR MORE CONTINUING DISCLOSURE AGREEMENTS, AND ONE OR MORE OFFICIAL STATEMENTS, AND DELEGATING TO THE CHAIR AND SECRETARY OF THE BOARD AND EXECUTIVE DIRECTOR OF THE COMMISSION AND OTHER AUTHORIZED REPRESENTATIVES POWER TO COMPLETE SAID DOCUMENTS, AUTHORIZING DISTRIBUTION OF SAID DOCUMENTS AND AUTHORIZING 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 an 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 by the San Diego County Regional Transportation Commission 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 on _____, 2021, by the following vote:

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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2021

NEW ISSUE – BOOK ENTRY ONLY

2021 Series A Bonds
 S&P: “ ”
 Fitch: “ ”

RATINGS:
 2021 Series B Bonds
 S&P: “ ”
 Fitch: “ ”
 (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), 2020 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. 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 Offer Bonds made by San Diego County Regional Transportation Commission” dated _____, 2021 (the “Tender Offer”) inviting owners of a portion of the Commission’s outstanding Sales Tax Revenue Bonds (Limited Tax Bonds), 2014 Series A (the “2014 Series A Bonds”) to tender such bonds for purchase by the Commission. 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.”

The Commission will apply the proceeds of the 2021 Series A Bonds to: (i) advance refund all or a portion of the 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) finance Costs of the Project, as defined herein, (ii) pay the costs of issuing the 2021 Series B Bonds, and (iii) purchase 2014 Series A Bonds tendered pursuant to the Tender Offer, if any. 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 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 INDENTURE AND THE SUBORDINATE INDENTURE.

This cover page contains general information only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

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,

* Preliminary, subject to change.
 101482721.5

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: _____, 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					
2040					

\$ _____ – _____ % 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>
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 in this Official Statement to the “issuer” mean the Commission and references to “bonds” or “securities” mean the Series 2021 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.

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-kikan-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 member 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.

[INSERT TRANSNET MAP]

DRAFT

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Vice Chair

Executive Director

Hasan Ikhrata

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(A) Paul Robinson

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Chairmen's Association

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Barona Band of Mission Indians

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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

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EXECUTIVE DIRECTOR

Hasan Ikhrata

GENERAL COUNSEL

John F. Kirk

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AND REGIONAL SERVICES
OFFICER**

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**CHIEF OPERATIONS
OFFICER**

Vacant

**CHIEF PLANNING AND
INNOVATION OFFICER**

Ray Traynor

**CHIEF ANALYTICS OFFICER
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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), 2020 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 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 “Indenture”), between the Commission and U.S. Bank National Association, as trustee (the “Trustee”). Bonds, including the 2021 Series A Bonds, issued and outstanding under the 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 (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 January 1, 2021, and 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”). Bonds, including the 2021 Series B Bonds, issued and outstanding under the Subordinate Indenture are referred to herein as the “Subordinate Bonds.”

* Preliminary, subject to change.
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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 a portion of the Commission’s outstanding Sales Tax Revenue Bonds (Limited Tax Bonds), 2014 Series A (the “2014 Series A Bonds”) to tender such bonds for purchase by the Commission. 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 all or a portion of the 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) finance Costs of the Project, as defined herein, (ii) pay the costs of issuing the 2021 Series B Bonds, and (iii) purchase 2014 Series A Bonds tendered pursuant to the Tender Offer, if any. 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 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.

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 secured by a pledge of certain amounts held by the Trustee under the Indenture and the 2021 Series B Bonds are secured by a pledge of certain amounts held by the Subordinate Trustee under the Subordinate Indenture. 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 Indenture and Subordinate Indenture, the Trustee and the Subordinate Trustee required to make monthly deposits of Sales Tax Revenues in the interest fund and principal fund under each 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.”

Parity 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 Indenture. The Commission may also issue additional Subordinate 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 Subordinate Bonds), 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 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”). 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 CDTFA 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.

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 a new strain of coronavirus, has been characterized as a pandemic (“Pandemic”) by the World Health Organization and 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, 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.

[update for virus statistics and vaccine information before posting]

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 have had some negative affect Sales Tax Revenues. See “THE SALES TAX – Historical Sales Tax Revenues – Monthly Sales Tax Revenues.” The Commission cannot accurately predict the future impact on Sales Tax Revenues of the Pandemic’s economic consequences, but such impacts could be material and adverse. See “RISK FACTORS – COVID-19 Pandemic.”]

DESCRIPTION OF THE SERIES 2021 BONDS

General

The Series 2021 Bonds are being issued by the Commission pursuant to the 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*

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. Prior to April 1, 20__, the 2021 Series A Bonds are subject to redemption prior to maturity at the option of the Commission, in whole or in part, on any Business Day, at the make-whole redemption price (the “Make-Whole Redemption Price”). The Make-Whole Redemption Price shall be 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 Treasury Rate (as defined below) plus __ basis points (.__%), plus, in each case, accrued interest on the 2021 Series A Bonds to be redeemed to the date fixed for redemption.

For purposes of determining the Make-Whole Redemption Price:

“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 Designated Consultant.

“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 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 described further under the caption “—Notice of Redemption of 2021 Series A 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.

* Preliminary, subject to change.
101482721.5

Selection of 2021 Series A Bonds for Optional Redemption. [The Commission will designate which maturities of any 2021 Series A Bonds are to be called for optional redemption pursuant to the Indenture. If less than all 2021 Series A Bonds maturing by their terms on any one date and bearing the same rate of interest are to be optionally redeemed at any one time, the Trustee will select the 2021 Series A 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 A Bonds so selected for redemption. For purposes of such selection, 2021 Series A Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.]

[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 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 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 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.]

In the event 2021 Series A Bonds that are Term Bonds are designated for optional redemption pursuant to the Indenture, the Commission may designate the Mandatory Sinking Account Payments or portions thereof, that are to be reduced as allocated to such redemption.

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 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 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 Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under the Indenture or portions thereof, that are to be reduced as allocated to such redemption.

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 date a Mandatory Sinking Account Payment for such 2021 Series A Bonds is due, 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:

101482721.5

**Redemption Date
(April 1)**

**Mandatory Sinking
Account Payment**

*

* Final maturity.

[If less than all 2021 Series A Bonds maturing by their terms on any one date are to be redeemed at any one time with Mandatory Sinking Account Payments, the Trustee shall select the 2021 Series A 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 A Bonds so selected for redemption. For purposes of such selection, 2021 Series A Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.]

Mandatory Redemption of 2021 Series B Bonds. The 2021 Series B Bonds maturing on April 1, 20__ are 2021 Series B 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:

**Redemption Date
(April 1)**

**Mandatory Sinking
Account Payment**

*

* Final maturity.

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.

General Redemption Provisions

Notice of Redemption. Each notice of redemption of Series 2021 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 Series 2021 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 Series 2021 Bonds. Notice of redemption to the Holders of Series 2021 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 Series 2021 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 Series 2021 Bonds of such maturity, if any, to be redeemed and, in the case of Series 2021 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 Series 2021 Bonds the Redemption

Price thereof or of said specified portion of the principal amount thereof in the case of a Series 2021 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 Series 2021 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 Series 2021 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.

Conditional Notice of Redemption; Rescission. With respect to any notice of optional redemption of Series 2021 Bonds, unless, upon the giving of such notice, such Series 2021 Bonds shall be deemed to have been paid pursuant to the terms of the Indenture, such notice is to state that such redemption will 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 Series 2021 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 Series 2021 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 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 Trustee in the manner in which the notice of redemption was given. The Commission may, at its option, on or prior to the date fixed for redemption in any notice of redemption, rescind and cancel such notice of redemption by Written Request of the Commission to the Trustee, and the Trustee is to mail notice of such cancellation to the recipients of the notice of redemption.

Effect of Redemption. Notice of redemption having been duly given pursuant to the Indenture and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2021 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Series 2021 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 Series 2021 Bonds so called for redemption shall cease to accrue, and said Series 2021 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of such Series 2021 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 Trustee for such payment. All Series 2021 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."

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS

Pledge of Sales Tax Revenues

The Series 2021 Bonds are limited obligations of the Commission and are payable as to principal and interest exclusively from Revenues, consisting of Sales Tax Revenues and from certain amounts held in the funds and accounts established under the Indenture and Subordinate Indenture, as applicable, subject to certain provisions of the Indenture and the Subordinate 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. See “THE SALES TAX.”

The 2010 Series A Bonds were issued as “Build America Bonds,” of which \$_____ 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 Indenture. The Commission covenants in the Indenture to comply with all of the conditions to the receipt of the Subsidy Payments and the Indenture provides that the Commission will cause the Subsidy Payments to be sent to the 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.”

The Indenture provides that the pledge of Revenues for the payment of the Senior Bonds, and any debt or other obligations of the Commission payable from Sales Tax Revenues on a parity with the Senior Bonds (such debt or other obligations being hereinafter referred to as “Parity Obligations”), will constitute a first lien on and security interest in the Revenues and such other amounts and will immediately attach thereto and will be effective, binding and enforceable from and after initial delivery by the Trustee of the Senior Bonds or Parity Obligations, without the need for any physical delivery, recordation, filing or further act.

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 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 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 Indenture and the Subordinate Indenture.

Revenue Fund; Allocation of Sales Tax Revenues under the Indenture

As long as any Senior Bonds are Outstanding or any Parity Obligations remain unpaid, the Commission has assigned the Sales Tax Revenues to the Trustee and shall cause the CDTFA to transmit the same directly to the Trustee each month, net of the CDTFA administrative fee which is deducted quarterly. The Trustee is required to deposit all Sales Tax Revenues in the Revenue Fund, maintained and held in trust by the Trustee under the Indenture, when and as such Sales Tax Revenues are received by the Trustee. The Sales Tax Revenues are to be received and held in trust by the 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 Indenture. Investment income on amounts held by the 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 or for which particular instructions are provided) will also be deposited in the Revenue Fund.

If five days prior to any principal payment date, Interest Payment Date or mandatory redemption date the amounts on deposit in the 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 Bonds with respect to the payments to be made on such upcoming date are insufficient to make such payments, the Indenture provides that 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 covenants and agrees in the

Indenture to transfer to the Trustee from any Sales Tax Revenues 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 Bonds remain Outstanding and Parity Obligations, Subordinate Obligations, and all other amounts payable under the Indenture remain unpaid, in each month following receipt and deposit of the Sales Tax Revenues in the Revenue Fund, the Trustee is required under the Indenture to set aside the moneys in the 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 Indenture):

1. Interest Fund. The Indenture requires the Trustee to make monthly deposits in the 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 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 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 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 Interest Fund and credited toward the above-described deposits.

2. Principal Fund; Sinking Accounts. The Indenture also requires the Trustee to make monthly deposits in the 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 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 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 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 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 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 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 Indenture also requires the Trustee to make deposits to any of the Bond Reserve Funds established pursuant to the provisions of the 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 Indenture also requires the Trustee to establish a Subordinate Obligations Fund. The 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 APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE – Allocation of Sales Tax Revenues.”

5. Fees and Expenses Fund. The Indenture also requires the Trustee to establish a Fees and Expenses Fund. At the direction of the Commission, after the transfers described above have been made, the 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” and 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 Indenture and the Subordinate Indenture.

After making the allocations required by the Indenture and the Subordinate Indenture, all Sales Tax Revenues are transferred to the Commission and may be applied by the Commission for all lawful purposes of the Commission.

No Bond Reserve Fund for the Series 2021 Bonds

No Bond Reserve Fund will be established for the 2021 Series A Bonds under the 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 Indenture establish one or more Series of additional Senior Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with all other Senior Bonds Outstanding under the Indenture, but only upon compliance by the Commission with certain provisions of the Indenture. Some applicable provisions of the 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. 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 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 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 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 Trustee or from other amounts on deposit, including Investment Securities and interest to be payable thereon, with the 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 Trustee or other fiduciary as capitalized interest specifically to pay such interest or from pledged Subsidy Payments the Commission expects to receive.

Nothing in the 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 Indenture, additional security for the benefit of such additional Series of Senior Bonds or any portion thereof.

Parity Obligations with Senior Bonds

As defined in the 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 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 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 Indenture without compliance with the provisions of the Indenture summarized above under paragraph (c) of the caption “*Issuance of Additional Series of Bonds*,” provided that the 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 Series of Subordinate Notes or Parity Debt

[revise to track any changes to Subordinate supplement when available] 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. “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 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.

FINANCING PLAN

General

The Commission will apply the proceeds of the 2021 Series A Bonds to: (i) advance refund all or a portion of the 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) finance Costs of the Project, as defined herein, (ii) pay the costs of issuing the 2021 Series B Bonds, and (iii) purchase 2014 Series A Bonds tendered pursuant to the Tender Offer, if any. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Tender and Purchase

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

All or a portion of the Outstanding 2014 Series A Bonds listed on the following table (collectively, the “Potential Refunded Bonds”), 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
Series 2014A:	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				\$170,420,000		

_____, 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”) (depicted in the map in the front of this Official Statement) 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.

The Commission may use some or all of the 2021 Series B Bond proceeds on other projects, as permitted by applicable law.

* Preliminary, subject to change.
101482721.5

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	\$	\$
[any release of funds?]		
[commission deposit]		
[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 2014 Series A Bonds tendered. 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 Lien Debt

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.

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 \$_____. 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 under the Indenture.

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 \$_____. 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. 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 \$_____. 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 \$_____. 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 \$_____. 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 expects to purchase certain bonds tendered pursuant to the Tender Offer and refund another portion of the 2014 Series A Bonds upon the delivery of the Series 2021 Bonds. See “FINANCING PLAN – The Refunding.”

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 \$_____. 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:

<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%	65% of USD One-Month LIBOR until April 1, 2018; USD SIFMA Swap Index thereafter
Bank of America, N.A.	\$134,100,000	3.8165%	65% of USD One-Month LIBOR until April 1, 2018; USD SIFMA Swap Index thereafter
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 2018 Short-Term Notes (as defined herein).

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, however, 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 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

Except to the extent restricted by the Indenture, the Commission may issue or incur obligations (“Subordinate Obligations”) secured by Sales Tax Revenues on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Bonds and Parity Obligations, as

the same become due and payable and at the times and in the manner as required by the Indenture or as required by the instrument pursuant to which such Parity Obligations were issued or incurred, as applicable.

2018 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 _____, 2021, the 2018 Short-Term Notes were 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 are not subject to redemption prior to their maturity.

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 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, \$_____ 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 \$_____.

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 loan agreement with the TIFIA Lender on January __, 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 5-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 will bear interest at a fixed rate of __% and will mature no later than October 1, 2045. The Junior Subordinate TIFIA Loan will be secured by a lien and charge on Sales Tax Revenues that is subordinate to the liens and charges securing the Senior Lien Debt 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: _____.

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 SCHEDULES OUTSTANDING SENIOR BONDS

[revision to come from underwriters]

Fiscal Year Ending June 30	Series 2008 Bonds⁽¹⁾	Series 2010 A Bonds⁽²⁾	Series 2012 Bonds	Series 2014 Bonds	Series 2016 Bonds	2019 Series A Bonds	2020 Series A Bonds	Outstanding Senior Bonds Cumulative Total⁽³⁾
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								
2037								
2038								
2039								
2040								
2041								
2042								
2043								
2044								
2045								
2046								
2047								
2048								
Totals⁽⁵⁾								

⁽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⁾ Rounded.

Fiscal Year Ending June 30	2021 Series A Bonds	2021 Series B Bonds	Total Series 2021 Bonds	Grand Total Outstanding Senior Bonds and Series 2021 Bonds
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
Totals				

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.

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

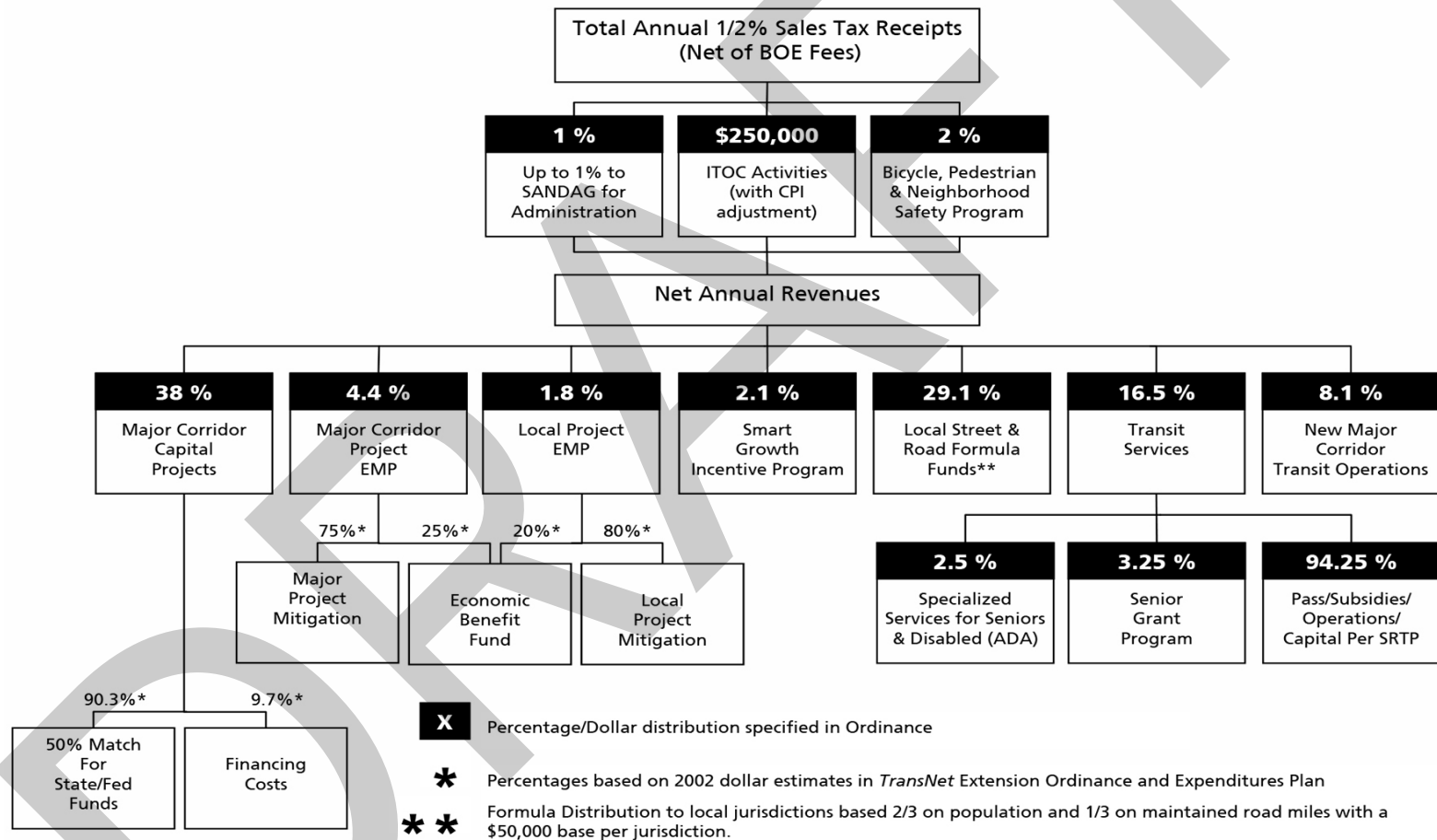
Along with the 2050 RTP, the Board adopted the Sustainable Communities Strategy (“SCS”). SANDAG’s target in the 2050 RTP is to reduce the region’s per capita emissions of greenhouse gases from cars and light trucks by 13 percent per capita by 2035. Five strategies are being employed consistent with the 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: <http://www.sandag.org/index.asp?publicnoticeid=227&fuseaction=notices.detail>. 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, which replaced 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 \$ _____. 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 disburses collected

sales tax monthly to sales taxing jurisdictions such as the Commission through a five-step procedure. First, the CDTFA calculates 90% of the same quarter disbursement from the prior year. Second, the CDTFA multiplies this number by the quarterly growth rate provided by the State Department of Finance. Third, the CDTFA divides the quarterly projection into three monthly disbursements of 30%, 30% and 40%. Fourth, the disbursement for the first month of each quarter is adjusted by a true-up for the previous quarter to reconcile actual sales tax collections with the disbursements made in accordance with the preceding formula. Fifth, a quarterly administration fee is subtracted from the first month's disbursement. From time to time there are corrections made by the CDTFA for prior periods.

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.

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**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, 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.

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 Subordinate Bonds, 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 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)

	Fiscal Year	Fiscal Year	Year Over Year	Fiscal Year	Year Over
	Ended	Ended	% Change	Ended	Year
Month	June 30, 2019⁽¹⁾	June 30, 2020⁽¹⁾⁽²⁾	(2020 v. 2019)	June 30, 2021⁽¹⁾⁽²⁾	% 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	10.7	23,241,853	1.2
September	24,709,504	26,713,941	9.8	28,184,070	4.2
October	31,809,475	30,751,885	5.8	33,250,387	0.6
November	27,896,830	25,441,663	2.7	21,727,813	1.6
December	27,056,790	25,442,731	1.2	27,118,087	-
January	26,345,902	25,559,448	0.6	-	-
February	27,031,941	37,094,485	5.3	-	-
March	26,003,652	22,984,289	3.4	-	-
April	26,170,697	22,498,364	1.7	-	-
May	22,874,423	15,411,299	(1.0)	-	-
June	24,794,614	21,264,183	(2.1)	-	-
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.”

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 providers, however, are companies that only generate 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 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 _____, 20___. Accordingly, there can be no assurance that if these securities had been sold on _____, 20___, 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 _____, 20___

Investments	Par Value	Market Value
Cash and Cash Equivalents		
United States Agencies		
Corporate Medium Term Notes		
Supra-National Agency Bond/Note		
Certificates of Deposit		
Asset-Backed Securities		
Certificates of Participation		
TOTAL		

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 . . .”]

The Commission cannot predict how long the current economic recession will last or the impacts on Sales Tax Revenues, but such impacts may be material and adverse. A continued substantial deterioration in Sales Tax Revenues could impact 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

[**update before posting**] [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.

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 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 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.

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 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 Trustee or Subordinate Trustee from making payments to the holders of the Series 2021 Bonds from funds in the Trustee’s or Subordinate Trustee possession. The procedure pursuant to which Sales Tax Revenues are paid directly by the CDTFA to the Trustee or Subordinate 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 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 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 XIIC and XIID to the California Constitution. Article XIIC 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 XIIC. However, Article XIIC 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, 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, 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 on the 2021 Series A Bonds of "___" and "___," respectively and to the 2021 Series B Bonds 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 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 \$_____.

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 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.

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.

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 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

[to be further updated before posting]

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.

Estimates by the San Diego Convention and Visitors Bureau indicate that the San Diego Convention Center generated approximately \$39.1 million in spending during calendar year 2018. In 2018, there were 133 events held at the Convention Center with approximately 553,300 people in attendance. The San Diego Convention Center Corporation estimates that the Convention Center’s operations generate more than a billion dollars of regional economic activity.

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, 2019 was estimated to be 3,351,786, 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 2019.

POPULATION COUNTY OF SAN DIEGO AND STATE OF CALIFORNIA⁽¹⁾

Year	San Diego County	Annual Growth Rate	State of California	Annual Growth Rate
2010	3,091,579	0.89%	37,223,900	0.70%
2011	3,125,264	1.09	37,594,781	1.00
2012	3,161,750	1.17	37,971,427	1.00
2013	3,201,417	1.25	38,321,459	0.92
2014	3,235,142	1.05	38,622,301	0.79
2015	3,267,992	1.02	38,952,462	0.85
2016	3,287,279	0.59	39,214,803	0.67
2017	3,309,626	0.68	39,504,609	0.74
2018	3,333,128	0.80	39,740,508	0.60
2019	3,351,786	0.56	39,927,315	0.47

⁽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. [discuss recent unemployment]

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	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 2014 through 2018. Annual figures for 2019 are not yet available.

SAN DIEGO COUNTY GROSS DOMESTIC PRODUCT 2014-2018

Year	Gross Domestic Product (In Billions) ⁽¹⁾	Annual Percent Change (year over year)
2014	\$193.6	3.1%
2015	200.5	3.6
2016	203.8	1.7
2017	210.6	3.3
2018	219.3	4.1

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 2014 and 2019. Annual figures for the County for 2020 are not yet available.

MEDIAN HOUSEHOLD INCOME⁽¹⁾ 2013 through 2018

Year	San Diego County	California	United States
2014	\$66,034	\$60,487	\$53,657
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	N/A	78,105	68,703

Source: U.S. Census Bureau – retrieved from FRED, Federal Reserve Bank of St. Louis.

⁽¹⁾ Estimated as of September 2019 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.

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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
2009 – 2018
(In Billions)

<u>Year</u>	<u>Amount</u>
2009	\$6.96
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

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.

San Diego's convention and visitor industry generated an estimated \$39.1 million in total revenues in 2018 according to an estimate by the San Diego Convention and Visitors Bureau (the "Visitors Bureau"). The Visitors Bureau also reported that the San Diego Convention Center events attracted more than 785,460 visitors and hosted 133 events (including conventions and other events) in 2018.

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
2009 – 2018**

<u>Calendar Year</u>	<u>Estimated Spending</u>	<u>Number of Conventions</u>	<u>Total Delegate Attendance</u>
2009	\$541,904,169	71	519,418
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

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.

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 2018 estimated that defense-related activities and spending generated an estimated \$26 billion of gross regional

product for the County in Fiscal Year 2017-18 and reported that the military sector was responsible for approximately 340,000 of the region's total jobs in Fiscal Year 2017-18. 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]

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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 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]

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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), 2020 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 Trustee 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 Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of the Commission, DTC, or the Trustee, 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 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.

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 Trustee. 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 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 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 Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable thereto and applicable to DTC. Book-entry interests in the 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 Bonds against payment (value as on the date of delivery of the Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the 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 Bonds following confirmation of receipt of payment to the Commission on the date of delivery of the Bonds.

Secondary Market Trading

Secondary market trades in the 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 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 Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the 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 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 Bonds, or to receive or make a payment or delivery of 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 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 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 Trustee 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 Trustee, 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 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.

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

DRAFT

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)

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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 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(a), and shall bear interest at the following rates per annum:

Maturity Date
(April 1)

Principal Amount

Interest Rate

[* Term Bond]

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, 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 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.

(c) Selection of 2021 Series A Bonds for Optional Redemption. The Commission shall designate which maturities of any 2021 Series A Bonds are to be called for optional redemption pursuant to Section 63.06(a) or (b). If less than all 2021 Series A Bonds maturing by their terms on any one date and bearing the same rate of interest are to be redeemed pursuant to Section 63.06(a) at any one time, the Trustee shall select the 2021 Series A 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 A Bonds so selected for redemption. For purposes of such selection, 2021 Series A Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

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 Section 63.06(b) 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 pursuant to

Section 63.06(b) 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.

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(a) or portions thereof, that are to be reduced as allocated to such redemption.

(d) 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.

(a) 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:

*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:

*Redemption Date
(April 1)*

*Mandatory
Sinking Account
Payment*

* Final Maturity

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

Section 63.08 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(d) and Section 4.02 of the Indenture.

Section 63.09 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.

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.

[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

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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:

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

* 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:

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

* 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.

[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

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 _____ 1, 2021, and the Third Supplement to Subordinate Indenture, dated as of _____ 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.

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

\$ _____
**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, 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 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 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, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for state income tax purposes of the interest on the 2021 Series A Bonds.

(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 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 — Application of Series 2021 Bond Proceeds” 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), 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 “DESCRIPTION OF THE SERIES 2021 BONDS — General” and in Appendix E 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 information under the caption “UNDERWRITING” and all information concerning the book-entry system set forth under the caption “DESCRIPTION OF THE SERIES 2021 BONDS — General” and in Appendix E 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, which is subordinate to the pledge securing repayment of the 2021 Series A Bonds, 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 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 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 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 “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 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) A defeasance opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, addressed to the Representative, in form and substance acceptable to the Representative.

(6) 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.

(7) 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.

(8) 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 information under the caption “UNDERWRITING,” all information concerning the book-entry system set forth under the caption “DESCRIPTION OF THE SERIES BONDS — General” and in Appendix E, 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 information under the caption “UNDERWRITING,” all information concerning the book-entry system

set forth under the caption “DESCRIPTION OF THE 2021 SERIES BONDS — General” and in Appendix E, 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) Evidence of signature authority and incumbency of the Trustee.

- (14) The 2014A Escrow Agreement.
- (15) A Verification Report of _____, certified public accountants (the “Verification Agent”).
- (16) The opinion of Counsel to the Escrow Agent addressed to the Representative, in form and substance acceptable to the Representative.
- (17) A certified copy of the proceedings relating to authorization and approval of the Sales Tax.
- (18) A copy of the executed Agreement for State Administration of Transactions and Use Tax, between the Commission and the CDTFA, including all amendments thereto.
- (19) A certified copy of the Board Resolution.
- (20) Fully executed copies of each of the Legal Documents.
- (21) Evidence of required filings with the California Debt and Investment Advisory Commission.
- (22) A copy of the Blue Sky Survey with respect to the 2021 Series A Bonds.
- (23) Evidence as of the Closing Date satisfactory to the Representative that the 2021 Series A Bonds 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.
- (24) 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).
- (25) 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, may 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, in the reasonable judgment of the Representative, materially and adversely affecting the market for or the market price generally of obligations of the general character of the 2021 Series A Bonds; 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 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 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 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” 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 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. 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]

19. 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. 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. The 2021 Series A Bonds are subject to redemption prior to their respective stated maturities, at the option of the Commission, as a whole or in part on any date, at a redemption price equal to 100% of the principal amount of the 2021 Series A Bonds called for redemption plus the 2021 Series A Make-Whole Premium, if any, together with accrued interest to the date fixed for redemption, if any.

The “2021 Series A Make-Whole Premium” is the amount calculated by the Calculation Agent equal to the positive difference, if any, between:

(a) The sum of the present values, calculated as of the date fixed for redemption of:

(1) Each interest payment that, but for the redemption, would have been payable on the 2021 Series A Bonds or portion thereof being redeemed on each regularly

scheduled Interest Payment Date occurring after the date fixed for redemption through the maturity date of such 2021 Series A Bonds (excluding any accrued interest for the period prior to the date fixed for redemption); provided, that if the date fixed for redemption is not a regularly scheduled Interest Payment Date with respect to such 2021 Series A Bonds, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such 2021 Series A Bonds to the date fixed for redemption; plus

(2) The principal amount that, but for such redemption, would have been payable on the maturity date of the 2021 Series A Bonds or portion thereof being redeemed; minus

(b) The principal amount of the 2021 Series A Bonds or portion thereof being redeemed.

[The present values of the interest and principal payments referred to in clause (a) above will be determined by discounting the amount of each such interest and principal payment from the date that each such payment would have been payable but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the 2021 Series A Comparable Treasury Yield, plus the 2021 Series A Spread.

For purposes of calculating the 2021 Series A Make-Whole Premium with respect to the 2021 Series A Bonds:

“Calculation Agent” means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities (which may be one of the institutions that served as underwriters for the 2021 Series A Bonds) designated by the Commission.

“2021 Series A Comparable Treasury Issue” means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the 2021 Series A Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2021 Series A Bonds being redeemed.

“2021 Series A Comparable Treasury Price” means, with respect to any date on which a 2021 Series A Bond or portion thereof is being redeemed, either: (a) the average of five 2021 Series A Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations; and (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the 2021 Series A Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time, at least three Business Days but not more than 45 calendar days preceding the date fixed for redemption.

“2021 Series A Comparable Treasury Yield” means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published

statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2021 Series A Bonds being redeemed. The 2021 Series A Comparable Treasury Yield will be determined at least three (3) Business Days but not more than forty-five (45) calendar days preceding the date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the 2021 Series A Bonds being redeemed, then the 2021 Series A Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the 2021 Series A Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity: (i) closest to and greater than the remaining term to maturity of the 2021 Series A Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2021 Series A Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Series 2021A Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the 2021 Series A Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the 2021 Series A Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“2021 Series A Reference Treasury Dealer” means a primary dealer of United States Government securities (which may be one of the institutions that served as underwriters for the 2021 Series A Bonds) appointed by the Commission and reasonably acceptable to the Calculation Agent.

“2021 Series A Spread” means for each of the following:

[TO COME]

In connection with any optional redemption of the 2021 Series A Bonds, the Commission will 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 described further under the caption “—Notice of Redemption of 2021 Series A Bonds.”]

Mandatory Redemption. The 2021 Series A Bonds maturing on April 1, 20__ and 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 date a Mandatory Sinking Account Payment for such 2021 Series A Bonds is due, 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>Mandatory Sinking Account Payment</u>

* 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,

\$ _____
**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 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 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 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 B Bonds 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 B Bonds 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 B Bonds of that maturity or maturities or the date all of the 2021 Series B Bonds of that maturity or maturities have been sold to the public.]

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 (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 Representative has agreed to [hold][purchase] such unsold 2021 Series B Bonds of that maturity and not offer nor sell any such Unsold 2021 Series B Bonds 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 it has 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 — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE 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 — Application of Series 2021 Bond Proceeds” 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), 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 “DESCRIPTION OF THE SERIES 2021 BONDS — General” and in Appendix E as to which no representations or warranties are made and the information in Appendix C, 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 “DESCRIPTION OF THE SERIES 2021 BONDS — General” and in Appendix E as to which no representations or warranties are made and the information in Appendix C, 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 2020A Bonds, 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 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 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 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 “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 — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE 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 information under the caption "UNDERWRITING," all information concerning the book-entry system set forth under the caption "DESCRIPTION OF THE SERIES 2021 BONDS — General" and in Appendix E, as to which no representations and warranties need be made, and the information in Appendix C, 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 "DESCRIPTION OF THE SERIES 2021 BONDS — General" and in Appendix E, as to which no representations and warranties need be made, and the information in Appendix C, 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 “[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.

(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 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 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 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” 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 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.

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. 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 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
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 Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2021 Series B Bonds, on each date a Mandatory Sinking Account Payment for such 2021 Series B Bonds is due, 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 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>Mandatory Sinking Account Payment</u>

 * Final Maturity

APPENDIX B

CERTIFICATE OF THE REPRESENTATIVE REGARDING OFFERING PRICES

This certificate is furnished by BofA Securities, Inc., as representative (the “Representative”) of the underwriters (the “Underwriters”) listed in the Bond Purchase Agreement, dated _____, 2021 (the “Bond 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 Bonds (Limited Tax Bonds), 2021 Series B (Green Bonds) (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 or yield 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 or yield 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 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 Bonds 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 Bond Purchase Agreement between the Commission and the Underwriter dated _____, 2021, the Underwriter has not offered or sold any unsold Bonds 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 Bond 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 Bonds 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 Bonds dated _____, 2021.

(b) “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.

(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 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 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 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.

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)

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

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,

TransNet Proposed 2021 Short-Term Notes Refunding

Overview

As discussed in Agenda Item 9A, 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.

In 2018, SANDAG issued the 2018A Short-Term Notes in the amount of \$537.5 million to fund project costs on the Mid Coast 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 current TIFIA loan has 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 realized 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 \$10.5 million of debt service savings over the life of the TIFIA loan.

Key Considerations

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.

Next Steps

The expected schedule for the planned Series 2021 Bond issuance is as follows:

- Week of February 1: Receive ratings from rating agencies
- February 5: Transportation Committee – Final review of Short-Term Notes documents
- February 12: Board of Directors – Final review of Short-Term Notes documents
- 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

Action: Discussion

An overview of a proposed Short-Term Notes Refunding of \$537.5 million will be presented.

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.

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. Draft Resolution
3. Draft Preliminary Official Statement
4. Draft Second Supplement to Subordinate Indenture
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.

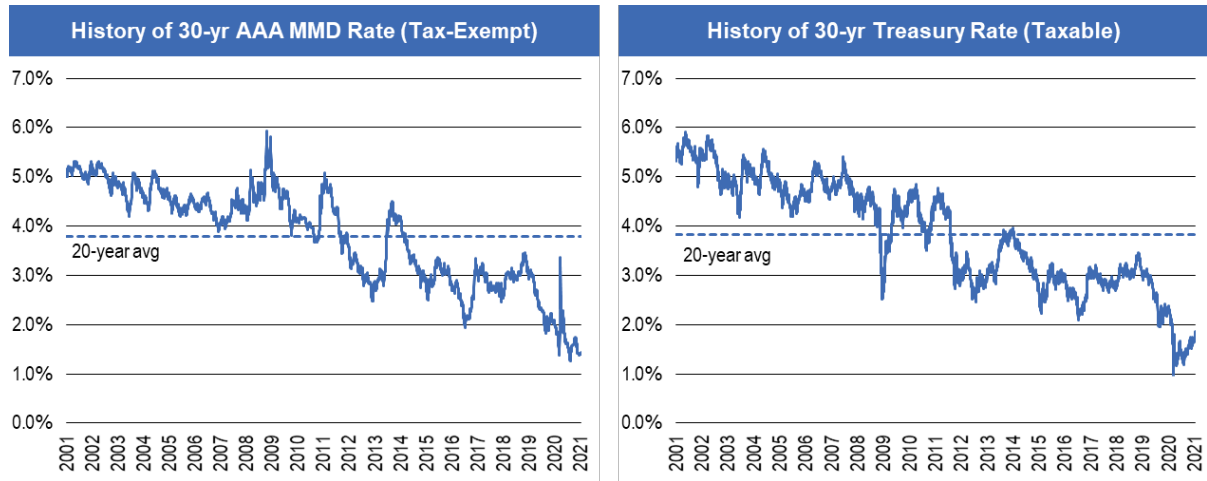
MARKET UPDATE

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.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

RESOLUTION NO. RTC 2021-__

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), THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENT TO THE SUBORDINATE INDENTURE, A NOTE PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT, AND AN ESCROW AGREEMENT AND DELEGATING TO THE CHAIR AND SECRETARY OF THE BOARD AND EXECUTIVE DIRECTOR OF THE COMMISSION AND OTHER AUTHORIZED REPRESENTATIVES POWER TO COMPLETE SAID DOCUMENTS, AUTHORIZING DISTRIBUTION OF SAID DOCUMENTS AND AUTHORIZING TAKING OF ALL NECESSARY ACTIONS IN CONNECTION THEREWITH

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 by the San Diego County Regional Transportation Commission 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. 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 10. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED on February 12, 2021, by the following vote:

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

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.”

\$ _____
*
**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE
SHORT-TERM NOTES (LIMITED TAX BONDS), 2021 SERIES A**

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u>

Dated: Date of Delivery

Due on October 1, 2022

The San Diego County Regional Transportation Commission (the “Commission”) will issue its 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 (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 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 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 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 April 1, 20___. 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.

This cover page contains general information only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

* Preliminary, subject to change.
101566868.3

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 overallocate 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 inside 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 and does not serve in any way as a substitute for the CUSIP 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.

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

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Vice Chair

Executive Director

Hasan Ikhrata

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Hon. Joel Anderson, Supervisor
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(A) Mark Baza, Imperial County Transportation Commission

California Department of Transportation

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(A) Gustavo Dallarda, District 11 Director
(A) Ann Fox, Deputy Director

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(A) Hon. Bill Sandke

North County Transit District

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(A) Vacant

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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

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**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 Douzdzian

TransNet **DEPARTMENT
DIRECTOR**

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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]

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OFFICIAL STATEMENT

\$ _____ *

**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 \$ _____ *. 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 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, 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 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 __, 2021. 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 “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 Lien Bond 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 – 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 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.

Issuance of Additional Subordinate Obligations

The Commission may issue additional San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) (the “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 the Series B 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.

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.”

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”). 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 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 CDTFA 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. 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."

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 portion of the costs of the design and construction of the Mid-Coast Corridor Transit Project.

COVID-19 Pandemic

[update for virus statistics and vaccine information before posting] [reference CARES Act and other funding status]

[The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and 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, 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.

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 have had some negative affect Sales Tax Revenues. See "THE SALES TAX – Historical Sales Tax Revenues – Monthly Sales Tax Revenues." The Commission cannot accurately predict the future impact on Sales Tax Revenues of the Pandemic's economic consequences, but such impacts could be material and adverse. See "RISK FACTORS – COVID-19 Pandemic."]

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 amount, and will bear interest at the rate, 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 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 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 5-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.”

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 and any other requirements 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.

Under the Subordinate Indenture, the Commission has covenanted to cause the Sales Tax Revenues to be transmitted by the CDTFA directly to the Senior Lien Bond Trustee; the Commission has directed the Senior Lien Bond Trustee to 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 Lien Bond Trustee in the Revenue Fund established under the Subordinate Indenture. 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 Lien Debt”) and may determine 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 Lien Bond 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 – FIRST 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 on a basis junior and subordinate to the payment of the principal, interest and reserve fund 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 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 AND 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 Lien Debt

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 \$_____. 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 \$_____. 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.

Series 2010 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 \$ _____. 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 \$324,400,000. The Series 2012 Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048. Proceeds of the Series 2012 Bonds refunded a portion of the Series 2008 Bonds in the aggregate principal amount of \$151,500,000.

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 \$ _____. 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. 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 \$ _____. 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:

<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%	65% of USD One-Month LIBOR until April 1, 2018; USD SIFMA Swap Index thereafter
Bank of America, N.A.	\$134,100,000	3.8165%	65% of USD One-Month LIBOR until April 1, 2018; USD SIFMA Swap Index thereafter
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.

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, however, 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 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

Except to the extent restricted by the Indenture, the Commission may issue or incur obligations (“Subordinate Obligations”) secured by Sales Tax Revenues on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Bonds and Parity Obligations, as the same become due and payable and at the times and in the manner as required by the Indenture or as required by the instrument pursuant to which such Parity Obligations were issued or incurred, as applicable.

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 __, 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, \$_____ 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 \$_____.

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 loan agreement with the TIFIA Lender on January __, 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 5-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 will bear interest at a fixed rate of ___% and will mature no later than October 1, 2045. The Junior Subordinate TIFIA Loan will be secured by a lien and charge on Sales Tax Revenues that is subordinate to the liens and charges securing the Senior Lien Debt 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: _____.

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 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 January ___, 2021, by and among the TIFIA Lender, the Borrower and MTS.

“SANDAG Direct Agreement” means the Direct Agreement, dated January ___, 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 Seventh 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⁾	
Total	<u>\$</u>

Estimated Uses of Funds:

Deposit to Escrow Fund	\$
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.

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PROJECTED DEBT SERVICE SCHEDULE

The table on the following page shows the annual debt service requirements with respect to the Senior Bonds and the 2021 Short-Term Notes (treating the principal thereof as Excluded Principal Payments as defined in the Subordinate Indenture).

Fiscal Year Ending June 30	Total Senior Lien Debt Service⁽¹⁾	Commercial Paper Notes⁽²⁾	Interest on 2021 Short-Term Notes⁽³⁾	Total Subordinate Lien Debt Service	Total Debt Service
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
Total					

⁽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%. 2010 Series A Bonds projected debt service is net of Subsidy Payments.

⁽²⁾ Assuming amortization of the full \$100 million authorized under the Commercial Paper program. Staff expected to recommend to the Commission that the authorized amount be increased to \$200 million.

⁽³⁾ See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Anticipated Repayment of Principal of 2021 Short-Term Notes From TIFIA Loan Draw."

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.

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.

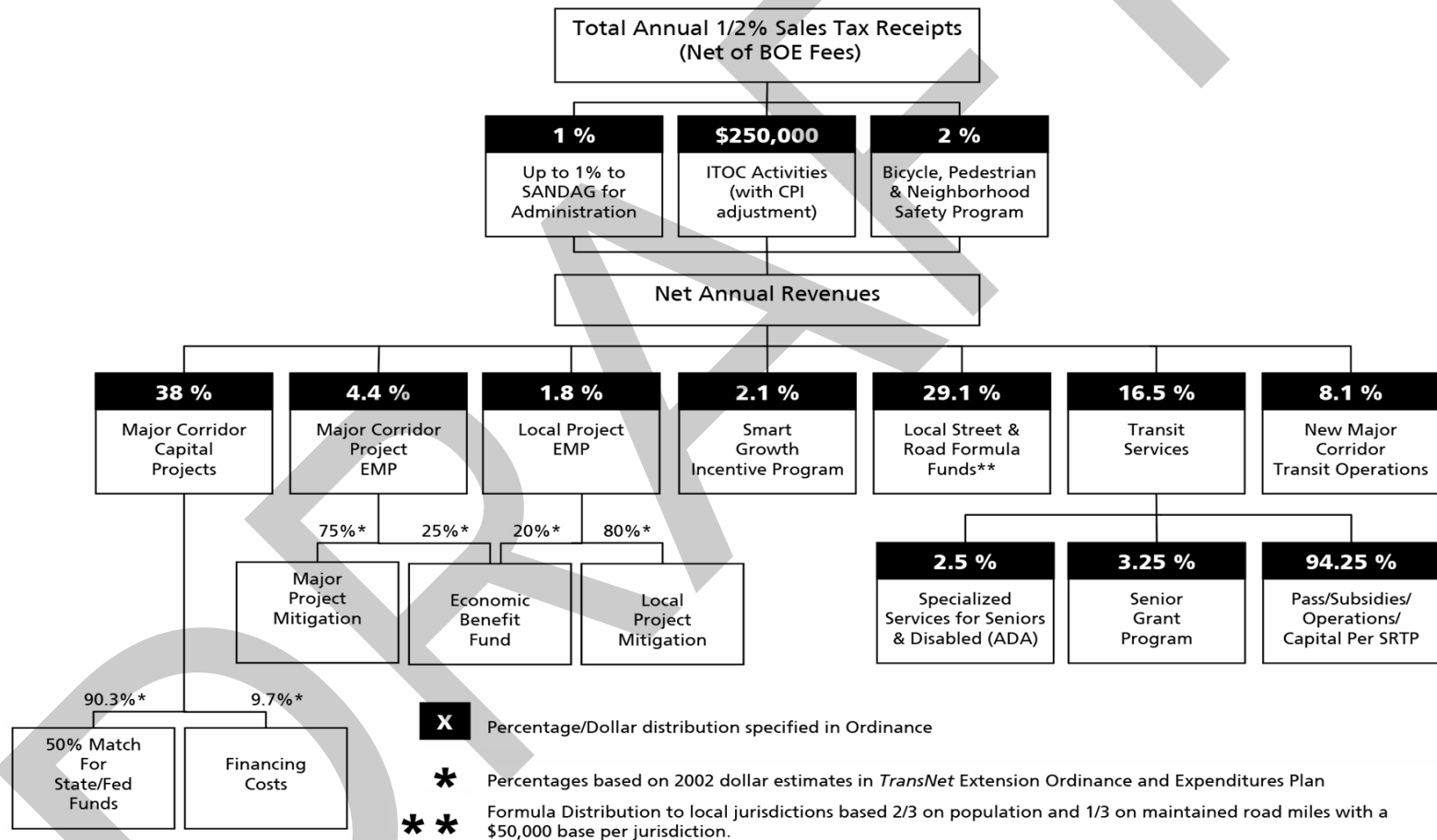
Along with the 2050 RTP, the Board adopted the Sustainable Communities Strategy (“SCS”). SANDAG’s target in the 2050 RTP is to reduce the region’s per capita emissions of greenhouse gases from cars and light trucks by 13 percent per capita by 2035. Five strategies are being employed consistent with the 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: <http://www.sandag.org/index.asp?publicnoticeid=227&fuseaction=notices.detail>. 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 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 and additional Subordinate Obligations in the range of \$___ to \$___ million in the spring of 2021.

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 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, which replaced 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 \$ _____. 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 disburses collected sales tax monthly to sales taxing jurisdictions such as the Commission through a five-step procedure. First, the CDTFA calculates 90% of the same quarter disbursement from the prior year. Second, the CDTFA multiplies this number by the quarterly growth rate provided by the State Department of Finance. Third, the CDTFA divides the quarterly projection into three monthly disbursements of 30%, 30% and 40%. Fourth, the disbursement for the first month of each quarter is adjusted by a true-up for the previous quarter to reconcile actual sales tax collections with the disbursements made in accordance with the preceding formula. Fifth, a quarterly administration fee is subtracted from the first month's disbursement. From time to time there are corrections made by the CDTFA for prior periods.

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	—

⁽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, 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.

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⁾	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	10.7	23,241,853	1.2
September	24,709,504	26,713,941	9.8	28,184,070	4.2
October	31,809,475	30,751,885	5.8	33,250,387	0.6
November	27,896,830	25,441,663	2.7	21,727,813	1.6
December	27,056,790	25,442,731	1.2	27,118,087	-
January	26,345,902	25,559,448	0.6	-	-
February	27,031,941	37,094,485	5.3	-	-
March	26,003,652	22,984,289	3.4	-	-
April	26,170,697	22,498,364	1.7	-	-
May	22,874,423	15,411,299	(1.0)	-	-
June	24,794,614	21,264,183	(2.1)	-	-
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.”

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 providers, however, are companies that only generate 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 _____, 20___. Accordingly, there can be no assurance that if these securities had been sold on _____, 20___, 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 _____, 20___

<u>Investments</u>	<u>Par Value</u>	<u>Market Value</u>
Cash and Cash Equivalents		
United States Agencies		
Corporate Medium Term Notes		
Supra-National Agency Bond/Note		
Certificates of Deposit		
Asset-Backed Securities		
Certificates of Participation		
TOTAL		

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 April 1, 20___, 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 April 1, 20___. 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 April 1, 20___.

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 . . .”

The Commission cannot predict how long the current economic recession will last or the impacts on Sales Tax Revenues, but such impacts may be material and adverse. A continued substantial deterioration in Sales Tax Revenues could impact 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

[update before posting with then current orders and vaccine status] [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.

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. 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 XIIC and XIID to the California Constitution. Article XIIC 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 XIIC. However, Article XIIC 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**

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[insert appendix C]

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[insert appendix D]

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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

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

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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 ~~22.01~~ **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 33.10 **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, 208, 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]

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 (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 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.

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

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,

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. 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.

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