MOODY'S

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250 Greenwich Street
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May 9, 2012

Ms. Renee Wasmund
San Diego County Regional Transportation Commission, CA
San Diego Association of Governments
401 B Street, Suite 800
San Diego, CA 92101

Dear Ms. Wasmund:

We wish to inform you that on May 9, 2012, Moody's Investors Service reviewed and assigned a rating of **Aa2** to San Diego County Regional Transportation Commission, CA, Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Kevork Khrimian at 212-553-4837.

Sincerely,

Eric Hoffmann

Eric Hoffmann
Senior Vice President/Manager

cc: Mr. Peter Shellenberger
Public Financial Management
50 California Street Suite 2300
San Francisco, CA 94111

Moody's Investors Service

Rating Action: MOODY'S ASSIGNS Aa2 RATING TO SALES TAX SUPPORTED OBLIGATIONS OF SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION; OUTSTANDING DEBT DOWNGRADED TO Aa2 FROM Aa1

Global Credit Research - 09 May 2012

Approximately $1.2 Billion of Sales Tax Supported Debt Affected

New York, May 09, 2012 --

Moody's Rating

Issue: Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A; Rating: Aa2; Sale Amount: $400,000,000; Expected Sale Date: 05-23-2012; Rating Description: Special Tax: Sales

Opinion

Moody's Investors Service has assigned a Aa2 rating to San Diego County Regional Transportation Commission's Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A. Concurrently the long term rating on outstanding bonds has been downgraded to Aa2 from Aa1. The outlook on these ratings is stable.

RATINGS RATIONALE

The rating reflects San Diego County's large and diverse economy with diverse sales tax base, strong projected coverage levels and the absence of operating risk. Strong additional bonds test and the structural requirement to transfer pledged revenues from the state directly to trustee also figure favorably in the rating. These strengths largely offset the weakness posed by the absence of a debt service reserve and a notable but manageable variable rate exposure. Also reflected in the rating are the generally improving but somewhat volatile pledged revenues. The downgrade primarily reflects the demonstrated volatility of those pledged sales tax revenues, particularly in the most recent downturn, when revenues had fallen more than would have been expected of a Aa1. This revenue volatility is more in line with Aa2s, particularly in the context of the Commission's variable rate debt exposure and very large capital program. The size of the capital program will likely require regular additional borrowing, potentially lowering debt service coverage from its currently very strong level.

The bonds are secured by the Commission's pledge of gross revenues received from a county-wide, half-cent sales tax approved by county voters in 1987 and extended with a vote in 2004. The original authorization expired in 2008, while the 2004 voter authorization extended the sales tax to 2048.

Proceeds of the current offering will provide funds for the ongoing capital program and refunding of $100 million of variable rate debt.

Key Strengths

• Large and diverse economy with diverse sales tax base.

• Strong projected coverage levels.

• No operating risk.

• Gross pledge with revenues sent directly to trustee.

• Strong Additional Bonds Test

Key Challenges

• Volatile revenue stream

• No Debt Service Reserve

• Notable but manageable variable rate exposure

WHAT COULD HELP RATING GO UP

Significant transformation of the county economy resulting in significantly higher wealth and income levels.

WHAT COULD HELP RATING GO DOWN

Debt service coverage falling below 2.0x

Outlook

The outlook on the rating is stable. We expect debt service coverage ratios to remain strong with continued revenue growth and moderate borrowing during periods of flat or declining revenues. The Stable outlook also assumes no significant increase in the overall share of variable rate debt.

RATING METHODOLOGY

The principal methodology used in this rating was US Public Finance Special Tax Methodology published in March 2012. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

The Global Scale Credit Ratings on this press release that are issued by one of Moody's affiliates outside the EU are endorsed by Moody's Investors Service Ltd., One Canada Square, Canary Wharf, London E 14 5FA, UK, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moodys.com.

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Information sources used to prepare the rating are the following: parties involved in the ratings, parties not involved in the ratings, public information, confidential and proprietary Moody's Investors Service's information, and confidential and proprietary Moody's Analytics' information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources.

However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

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The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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