BOARD OF DIRECTORS

AGENDA

Friday, October 22, 2010
9 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

• TransNet 2010 BOND ISSUANCE: FINAL REVIEW AND APPROVAL OF DOCUMENTS

• 2050 REGIONAL TRANSPORTATION PLAN: DRAFT REVENUE CONSTRAINED TRANSPORTATION NETWORK SCENARIOS

• 2050 REGIONAL TRANSPORTATION PLAN: POLICY OPTIONS TO SUPPORT THE TRANSIT NETWORK

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MISSION STATEMENT

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

San Diego Association of Governments · 401 B Street, Suite 800, San Diego, CA 92101-4231
(619) 699-1900 · Fax (619) 699-1905 · www.sandag.org
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. Please complete a Speaker’s Slip, which is located in the rear of the room, and then present the slip to the Clerk of the Board seated at the front table. Also, members of the public are invited to address the Board on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The Board of Directors may take action on any item appearing on the agenda.

This agenda and related staff reports can be accessed at www.sandag.org under Meetings on the SANDAG Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than 12 noon, two working days prior to the Board of Directors meeting. Any handouts, presentations, or other materials from the public intended for distribution at the Board of Directors meeting should be received by the Clerk of the Board no later than 12 noon, two working days prior to the meeting.

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# BOARD OF DIRECTORS AGENDA

Friday, October 22, 2010

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>RECOMMENDATION</th>
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<tbody>
<tr>
<td>1.</td>
<td>APPROVAL OF MEETING MINUTES</td>
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<td></td>
<td>APPROVE</td>
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<td>+A.</td>
<td>SEPTEMBER 10, 2010, BOARD POLICY MEETING MINUTES</td>
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<td>+B.</td>
<td>SEPTEMBER 24, 2010, BOARD BUSINESS MEETING MINUTES</td>
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<td>2.</td>
<td>PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS</td>
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<td></td>
<td>Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Speakers are limited to three minutes. Board members also may provide information and announcements under this agenda item.</td>
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<tr>
<td>+3.</td>
<td>ACTIONS FROM POLICY ADVISORY COMMITTEES</td>
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<td></td>
<td>APPROVE</td>
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<td></td>
<td>This item summarizes the actions taken by Borders Committee on September 24, the Transportation Committee on October 1, the Executive Committee on October 8, and the Transportation, Regional Planning, and Public Safety Committees on October 15, 2010.</td>
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<tr>
<td>+4.</td>
<td>ANNUAL MEETING CALENDAR (Kim Kawada)</td>
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<td>APPROVE</td>
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<td></td>
<td>The Board of Directors is asked to approve the meeting calendar for the Board and the Policy Advisory Committees for the upcoming year.</td>
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<td>+5.</td>
<td>PROPOSED ADDENDUM 5 TO MASTER AGREEMENT BETWEEN MTS AND SANDAG REGARDING PROPERTY TRANSFERS (Julie Wiley)</td>
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<td></td>
<td>APPROVE</td>
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<td>The Board of Directors is asked to approve this proposed Addendum, which prescribes a process that would allow for SANDAG and the Metropolitan Transit System (MTS) to transfer property between the two agencies under certain circumstances. Federal Transit Administration (FTA) approval of the agreement was obtained, because from time-to-time the properties being transferred have been funded in whole or in part by FTA. The Board of Directors is asked to authorize the Executive Director to execute Addendum 5 to the Master Agreement with MTS in substantially the same form as attached to allow for property transfers between MTS and SANDAG when certain conditions are met.</td>
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+6. PROPOSED AMENDMENT TO THE AGREEMENT WITH THE SAN DIEGO UNIFIED PORT DISTRICT CONCERNING ACCESS IMPROVEMENT PROJECTS AND PROPOSED FY 2011 BUDGET AMENDMENT (Second Vice Chair Jack Dale, Transportation Committee Chair; Mario Orso)

In December 2008, SANDAG signed an agreement with the San Diego Unified Port District (SDUPD) and accepted $5.3 million from SDUPD to conduct engineering work on the Port Access Improvement Projects. These projects would improve access along Harbor Drive at 10th Avenue and 32nd Street and along Interstate 5 at Civic Center Drive and Bay Marina Parkway. The Transportation Committee recommends that the Board of Directors: (1) authorize the Executive Director to approve an amendment to the agreement with the San Diego Unified Port District, in substantially the same form as attached to the report, to accept $2 million in additional funding; and (2) approve an amendment to the FY 2011 Budget to increase the Port Access Improvement projects budget (CIP Nos. 1300701 through 1300704) from $7.13 million to $9.13 million.

+7. REPORT SUMMARIZING DELEGATED ACTIONS TAKEN BY EXECUTIVE DIRECTOR (Lauren Warrem)*

In accordance with SANDAG Board Policy Nos. 003 (Investment Policy), 017 (Delegation of Authority), and 024 (Procurement and Contracting-Construction), this report summarizes certain delegated actions taken by the Executive Director since the last Board of Directors meeting.

+8. REPORTS ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG (Kim Kawada)

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

REPORTS (9 through 14)

+9. TransNet 2010 BOND ISSUANCE: FINAL REVIEW AND APPROVAL OF DOCUMENTS (Second Vice Chair Jack Dale, Transportation Committee Chair; Lauren Warrem and Marney Cox)*

In September, the Transportation Committee and Board of Directors reviewed draft bond documents and the financing schedule for the issuance of long-term fixed-rate debt for the TransNet program. The Transportation Committee recommends that the Board of Directors, acting as the San Diego County Regional Transportation Commission (RTC), (1) approve Resolution No. RTC 2011-01, authorizing the issuance of not to exceed $350 million in fixed-rate bonds and the execution and distribution of the documents in substantially final form as attached; and (2) approve the use of a portion of the TransNet Series 2010 Bonds for the Cities of San Marcos, Solana Beach, Santee, and National City and authorize the
Executive Director to execute a Memorandum of Agreement with each of those Cities in substantially the same form as attached to the report. Staff also will brief the Board of Directors about the status of the economy and sales tax revenues.

+10. **2010-2014 COORDINATED PUBLIC TRANSIT AND HUMAN SERVICES TRANSPORTATION PLAN** (Second Vice Chair Jack Dale, Transportation Committee Chair; Phil Trom)*

The 2010-2014 Public Transit and Human Services Transportation Plan (Coordinated Plan) provides a blueprint for the development of transit and human services transportation in the San Diego region for the next five years. The Transportation Committee recommends that the Board of Directors approve Resolution No. 2011-08 approving the 2010-2014 Coordinated Plan in substantially the same form as included with the report.

+11. **2050 REGIONAL TRANSPORTATION PLAN: DRAFT REVENUE CONSTRAINED TRANSPORTATION NETWORK SCENARIOS** (Second Vice Chair Jack Dale; Transportation Committee Chair; Heather Werdick)*

Four Revenue Constrained Transportation Network Scenarios have been developed using the prioritized project lists, revenue constraints, and other factors. The Revenue Constrained Transportation Network Scenarios, which were reviewed by the Board of Directors in September, would attempt to build and operate as much of the Unconstrained Transportation Network as possible, given revenue availability and flexibility, and project priorities. Staff will summarize the initial performance results of the four Revenue Constrained Transportation Network Scenarios for discussion by the Board of Directors.

+12. **DRAFT 2050 REGIONAL TRANSPORTATION PLAN: POLICY OPTIONS TO SUPPORT THE TRANSIT NETWORK** (Second Vice Chair Jack Dale; Transportation Committee Chair and Imperial Beach Mayor Jim Janney, Regional Planning Committee Chair; Carolina Gregor)*

In conjunction with the preparation of the four Revenue Constrained Transportation Network Scenarios, SANDAG is preparing a menu of policy options to support the transit network that could be considered for inclusion in the 2050 Regional Transportation Plan (2050 RTP) or in the future update of the Regional Comprehensive Plan (RCP). At a joint meeting on October 15, 2010, the Regional Planning and Transportation Committees provided input on the attached options, which focus on potential parking, land use, and funding policies. The Committees recommended that the policy options be considered in the future update of the RCP.
13. UPDATE ON STATE ROUTE 11 AND OTAY MESA EAST PORT OF ENTRY PROJECT (Second Vice Chair Jack Dale, Transportation Committee Chair; Marney Cox, SANDAG; Mario Orso, Caltrans)  
Staff will provide a progress report on the State Route 11 and Otay Mesa East Port of Entry project. The project’s draft environmental document is expected to be complete in November, and work is under way to procure consultants for the toll and revenue study, the Intelligent Transportation System deployment study, and a specialized legal team.

14. QUALITY OF LIFE FUNDING STRATEGY UPDATE (Chair Lori Holt Pfeiler; Rob Rundle)  
The Quality of Life Ad Hoc Steering Committee and the Quality of Life Stakeholders Working Group have been meeting regularly to provide input to the SANDAG Board of Directors on the development of a Quality of Life funding strategy. An update will be provided on the work that has been accomplished to date.

15. UPCOMING MEETINGS  
Please note that due to the Thanksgiving holiday, the next Board Policy meeting is scheduled for Friday, November 5, 2010 (first Friday), at 10 a.m. The next Board Business meeting is scheduled for Friday, November 19, 2010 (third Friday), at 9 a.m.

16. ADJOURNMENT

+ next to an agenda item indicates an attachment
* next to an agenda item indicates a San Diego Regional Transportation Commission item
Chair Lori Holt Pfeiler (Escondido) called the meeting of the SANDAG Board of Directors to order at 10:04 a.m. The attendance sheet for the meeting is attached.

1. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Mike Bullock, a member of the public, requested that his systems engineering approach to unbundling car parking costs contained in his report “Intelligent Parking” be considered in the development of the Sustainable Communities Strategy for the 2050 Regional Transportation Plan.

CONSENT (2)

2. RESOLUTION TO SUBMIT A GRANT PROPOSAL TO THE STRATEGIC GROWTH COUNCIL FOR PROPOSITION 84 FUNDS TO SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF THE SUSTAINABLE COMMUNITIES STRATEGY PURSUANT TO SENATE BILL 375 (APPROVE)

The Board of Directors is asked to approve Resolution No. 2011-06 to authorize the submittal of a grant proposal for the Sustainable Communities Planning Grant and Incentives Program: Regional SB 375 Plus Funding, pursuant to Proposition 84.

Mike Bullock, a member of the public, supported adoption of the Resolution.

Action: Upon a motion by Mayor Jim Desmond (San Marcos) and second by Supervisor Bill Horn (County of San Diego), the SANDAG Board of Directors approved Consent Item No. 2. Yes – 16; No – 0; Abstain – Coronado; Absent – Lemon Grove and Poway.

REPORTS (3 through 4)

3. 2010 PUBLIC OPINION SURVEY RESULTS (INFORMATION)

Anne Steinberger, Communications Manager, provided an overview of the recent public opinion survey of San Diego region residents conducted by SANDAG.
Kristen Rohanna, Senior Research Analyst, summarized the public opinion survey results. Ms. Rohanna noted that the full survey report is available on the SANDAG Web site.

Mike Bullock, a member of the public, commended SANDAG for conducting the study and for the resulting report. He said the results indicate how important it is to develop a parking strategy that will be supported by the general public.

**Action:** This item was presented for information only.

4. **SENATE BILL 375 IMPLEMENTATION: PROPOSED FINAL GREENHOUSE GAS TARGETS (INFORMATION)**

Rob Rundle, Principal Planner, stated that on August 9, 2010, staff from the California Air Resources Board (CARB) distributed the recommended final greenhouse gas (GHG) targets for the years 2020 and 2035 pursuant to Senate Bill 375 (Steinberg, 2008). Mr. Rundle provided an overview of the CARB staff report and the next steps before the final targets are considered by CARB at its September 23, 2010, meeting.

Mike Bullock, a member of the public, expressed his opinion that the proposed GHG targets are too low, and provided information supporting his suggestion for higher GHG targets.

5. **UPCOMING MEETINGS (INFORMATION)**

The next Business meeting is scheduled for Friday, September 24, 2010, at 9 a.m. The next Policy meeting is scheduled for Friday, October 8, 2010, at 10 a.m.

6. **ADJOURNMENT**

The meeting was adjourned at 10:45 a.m.

DGunn/M/DGU
# ATTENDANCE
## SANDAG BOARD OF DIRECTORS MEETING
### SEPTEMBER 10, 2010

<table>
<thead>
<tr>
<th>JURISDICTION/ORGANIZATION</th>
<th>NAME</th>
<th>ATTENDING</th>
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<tbody>
<tr>
<td>City of Carlsbad</td>
<td>Matt Hall (Member)</td>
<td>Yes</td>
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<tr>
<td>City of Chula Vista</td>
<td>Cheryl Cox (Primary)</td>
<td>Yes</td>
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<td>City of Coronado</td>
<td>Al Ovrom (1st Alt.)</td>
<td>Yes</td>
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<td>City of Del Mar</td>
<td>Crystal Crawford (Primary)</td>
<td>Yes</td>
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<td>City of El Cajon</td>
<td>Mark Lewis (Primary)</td>
<td>Yes</td>
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<tr>
<td>City of Encinitas</td>
<td>Jerome Stocks, 1st Vice Chair (Primary)</td>
<td>Yes</td>
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<tr>
<td>City of Escondido</td>
<td>Lori Holt Pfeiler, Chair (Primary)</td>
<td>Yes</td>
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<tr>
<td>City of Imperial Beach</td>
<td>Jim Janney (Primary)</td>
<td>Yes</td>
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<td>City of La Mesa</td>
<td>Art Madrid (Member)</td>
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<td>City of Lemon Grove</td>
<td>Jerry Jones (1st Alt.)</td>
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<td>City of National City</td>
<td>Ron Morrison (Member)</td>
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<td>City of Oceanside</td>
<td>James Wood (Member)</td>
<td>Yes</td>
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<td>City of Poway</td>
<td>Don Higginson (Primary)</td>
<td>No</td>
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<td>City of San Diego - A</td>
<td>Anthony Young (1st Alt.)</td>
<td>Yes</td>
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<tr>
<td>City of San Diego - B</td>
<td>Ben Hueso (Primary, Seat B)</td>
<td>Yes</td>
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<tr>
<td>City of San Marcos</td>
<td>Jim Desmond (Primary)</td>
<td>Yes</td>
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<tr>
<td>City of Santee</td>
<td>Jack Dale (2nd Vice Chair)</td>
<td>Yes</td>
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<td>City of Solana Beach</td>
<td>Lesa Heebner (Primary)</td>
<td>Yes</td>
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<td>City of Vista</td>
<td>Judy Ritter (Primary)</td>
<td>Yes</td>
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<td>County of San Diego - A</td>
<td>Ron Roberts (1st Alt.)</td>
<td>Yes</td>
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<td>County of San Diego - B</td>
<td>Bill Horn (Primary, Seat A)</td>
<td>Yes</td>
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<td>Caltrans</td>
<td>Laurie Berman (1st. Alt.)</td>
<td>Yes</td>
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<td>MTS</td>
<td>Harry Mathis (Member)</td>
<td>No</td>
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<td>NCTD</td>
<td>Bob Campbell (Primary)</td>
<td>Yes</td>
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<tr>
<td>Imperial County</td>
<td>Wally Leimgruber (Member)</td>
<td>No</td>
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<td>US Dept. of Defense</td>
<td>CAPT Keith Hamilton (Member)</td>
<td>No</td>
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<tr>
<td>SD Unified Port District</td>
<td>Stephen Padilla (Alternate)</td>
<td>Yes</td>
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<td>SD County Water Authority</td>
<td>Mark Muir (Primary)</td>
<td>Yes</td>
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<td>Baja California/Mexico</td>
<td>Remedios Gómez-Arnau (Member)</td>
<td>No</td>
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<td>Southern California Tribal Chairmen’s Association</td>
<td>Allen Lawson (Member)</td>
<td>No</td>
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<td>Edwin Romero (Member)</td>
<td>Yes</td>
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Chair Lori Holt Pfeiler (Escondido) called the meeting of the SANDAG Board of Directors to order at 9:05 a.m. The attendance sheet for the meeting is attached.

1. APPROVAL OF MEETING MINUTES (APPROVE)

Action: Upon a motion by Mayor Jim Wood (Oceanside), and a second by Councilmember Carrie Downey (Coronado), the Board of Directors approved the minutes from the July 9, 2010, Board Policy Meeting, the July 9, 2010, Joint Board of Directors and Sustainable San Diego meeting, and the July 23, 2010, Board Business meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Chair Pfeiler read a proclamation, proposed by U.S. Senator Barbara Boxer to be entered into the Congressional Record, honoring the regional planning and environmental mitigation accomplishments of Janet Fairbanks. Ms. Fairbanks was a retired SANDAG planner who recently passed away. Accepting this proclamation on Ms. Fairbanks’ behalf were members of her family.

First Vice Chair Jerome Stocks (Encinitas) announced that several SANDAG staff members were recognized at the recent Women’s Transportation Seminar Awards Dinner: Alexia Fernandez Spivey, an Associate Contracts Procurement Analyst for SANDAG won the Rosa Parks Diversity Award for her work on the Diversity in Small Contractors Opportunity program; and two SANDAG interns, Laura Meuleman and April de Jesus, graduate students at San Diego State University, took home scholarships. In addition, the iCommute program won a Transportation Innovation Award for Best Program. Several programs that SANDAG works on with partner agencies also received awards, including the Lake Hodges Bicycle-Pedestrian Bridge, which won for Alternative Modes; the Interstate 15 Express Lanes, which won for Technology in Transportation; and the Lomas Santa Fe Drive Project, which won in the Streets/Roads/Highways category.

Jim Linthicum, Director of Mobility Management and Project Implementation, announced the closure of the Los Angeles-San Diego-San Luis Obispo (LOSSAN) rail corridor through Camp Pendleton for work on the Santa Margarita Bridge replacement project. The corridor will be closed beginning at 10 p.m. on Friday, September 24, will remain closed all weekend, and then will be reopened by 4 a.m. on Monday, September 27, 2010. This closure will not impact COASTER operations, but will impact MetroLink and AMTRAK services. Both of those services will bus passengers around the area from San Clemente to Oceanside.
Oceanside Councilmember Esther Sanchez stated that her city has a zero waste policy, and she recommended that SANDAG also adopt such a policy. In addition, she noted that the City of Oceanside has hired a consultant to help evaluate the Interstate 5 North Coast widening project.

José Galicot, representing Tijuana Innovadora, spoke about the many products manufactured in Tijuana and encouraged Board members to attend the upcoming event.

Mario Lopez, with Tijuana Innovadora, announced that the Tijuana Innovadora event would be held October 7-21, 2010, to highlight the products manufactured in Tijuana. He added that a formal invitation to the Board would be forthcoming.

Omar Passons, a member of the public, asked that SANDAG to be mindful of bicycle and pedestrian-friendly elements as part of the Mid-City Rapid Bus Project.

3. ACTIONS FROM POLICY ADVISORY COMMITTEES (APPROVE)

This item summarized the actions taken by the Borders Committee on July 23, the Transportation Committee on September 3, the Executive and Regional Planning Committees on September 10, and the Transportation and Public Safety Committees on September 17, 2010.

Action: Upon a motion by Supervisor Pam Slater-Price (County of San Diego) and second by Councilmember Downey, the Board of Directors approved the actions taken by the Policy Advisory Committees at the meetings noted above. Yes – 17 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Carlsbad and National City.

CONSENT ITEMS (4 through 14)

4. REGIONAL COMPREHENSIVE PLAN: 2009 ANNUAL PERFORMANCE MONITORING REPORT (ACCEPT/APPROVE)

SANDAG has monitored on a regular basis the progress of implementing the Regional Comprehensive Plan (RCP). In 2006, SANDAG released the first RCP baseline performance monitoring report and has prepared three annual report updates since that time. The Regional Planning Committee recommended that the Board of Directors: (1) accept the “Regional Comprehensive Plan: 2009 Annual Performance Monitoring Report,” in substantially the same form as attached to the report; and (2) approve the revised schedule for biennial reporting in future years.

5. RIDESHARE WEEK – OCTOBER 4-8, 2010 (APPROVE)

Each year SANDAG sponsors Rideshare Week in the San Diego region as a way to promote and highlight commute choices other than driving alone. The Board of Directors was asked to approve Resolution No. 2011-07, proclaiming the week of October 4-8, 2010, as Rideshare Week, and encourage member agencies to approve similar proclamations.

6. PROPOSED FY 2011 BUDGET AMENDMENT: TRAFFIC LIGHT SYNCHRONIZATION PROGRAM (APPROVE)
Since late 2008 SANDAG has been working in partnership with Caltrans, the Metropolitan Transit System (MTS), and the cities of San Diego, Poway, and Escondido for the completion and delivery of three traffic light synchronization projects. Funding for these projects was competitively awarded through Proposition 1B under the Traffic Light Synchronization Program (TLSP). The Transportation Committee recommended that the Board of Directors carry over the following TLSP projects into the FY 2011 Program Budget: (1) $653,000 for the TLSP East-West Metro Corridors Project (CIP 1143402); (2) $822,000 for the TLSP I-15 Corridor Improvements Project (CIP 1143403); and (3) $330,000 for the TLSP Transit Signal Priority Super Loop Project (CIP 1143405).

7. PROPOSED FY 2011 BUDGET AMENDMENT: INTERSTATE 15 FasTrak® VALUE PRICING PROGRAM PASS-THROUGH FUNDING (APPROVE)

The Transportation Committee recommended that the Board of Directors: (1) approve an increase to the FY 2011 Budget for the I-15 FasTrak® Program by $1,000,000; and (2) authorize the Executive Director to amend the fund transfer agreement with MTS, in substantially the same form as attached to the agenda report, to allow for the proposed funding transfer and to incorporate future transfer amounts as part of the annual SANDAG budget process.

8. PROPOSED FY 2011 BUDGET AMENDMENT: LOSSAN CORRIDOR PLANNING (APPROVE)

The Transportation Committee recommended that the Board of Directors: (1) approve the FY 2011 budget amendment to accept additional member agency funds of $347,089 for OWP #3400600; and (2) authorize the Executive Director to execute grant agreements and all documents necessary to accept $200,000 in American Recovery and Reinvestment Act planning funds, and further amend OWP #3400600 once these funds are available.

9. PROPOSED FY 2011 BUDGET AMENDMENT: INLAND RAIL TRAIL FINAL FUNDING PLAN ADJUSTMENT (APPROVE)

Portions of the Inland Rail Trail (IRT) between Oceanside to Escondido were constructed in conjunction with the SPRINTER rail project. The IRT share of the SPRINTER budget has now been calculated and additional funds are needed. The Transportation Committee recommended that the Board of Directors approve the final funding plan adjustment, adding $883,100 in TransNet funds for the Inland Rail Trail project to allow payment to the North County Transit District (NCTD).

10. SANDAG COMMENTS ON THE 2009/2010 GRAND JURY REPORT: HOMELESS IN SAN DIEGO (APPROVE)

On May 17, 2010, the 2009-2010 San Diego County Grand Jury filed a report entitled "Homeless in San Diego." The report included a number of recommendations, one of which calls for SANDAG to potentially develop and implement a plan to end chronic homelessness in the San Diego region. The Executive Committee recommended that the Board of Directors approve the draft letter, in substantially the same form as attached to the agenda report, for distribution to the Presiding Judge of the Superior Court.
11. QUARTERLY INVESTMENT REPORT AND ANNUAL INTEREST RATE SWAP EVALUATION FOR PERIODS ENDING JUNE 30, 2010 (INFORMATION)

The SANDAG Investment Policy requires that the Board of Directors be provided a quarterly report of investments held by SANDAG. This report included all money under the direction or care of SANDAG as of June 30, 2010. Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy, also requires an annual report and evaluation of all outstanding interest rate swaps.

12. QUARTERLY PROGRESS REPORT ON TRANSPORTATION PROJECTS - APRIL TO JUNE 2010 (INFORMATION)

This quarterly report summarized the current status of major highway, transit, arterial, traffic management, and transportation demand management projects in the SANDAG five-year Regional Transportation Improvement Program for the period April to June 2010.

13. REPORT SUMMARIZING DELEGATED ACTIONS TAKEN BY EXECUTIVE DIRECTOR (INFORMATION)

In accordance with SANDAG Board Policy Nos. 003 (Investment Policy), 017 (Delegation of Authority), and 024 (Procurement and Contracting-Construction), this report summarized certain delegated actions taken by the Executive Director since the last Board of Directors meeting.

14. REPORTS ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG (INFORMATION)

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

Action: Upon a motion by Mayor Wood, and a second by Councilmember Downey, the Board of Directors approved Consent Items Nos. 4 through 14, including Resolution Nos. 2011-07. Yes - 17. No - No. Abstain - 0. Absent – Carlsbad and National City.

REPORTS (16 through 23)

16. TransNet ENVIRONMENTAL MITIGATION PROGRAM: FY 2010 LAND MANAGEMENT GRANTS (APPROVE)

On September 25, 2009, the Board of Directors approved a process and criteria for funding land management projects under the TransNet Environmental Mitigation Program (EMP). Twenty-four applications were received, and ten have been recommended for funding. The Regional and Transportation Planning Committees recommended that the Board of Directors: (1) approve the prioritized list of land management projects and funding allotments; and (2) authorize the Executive Director to enter into agreements with the proposed grantees.

Mayor Jim Janney (Imperial Beach), Regional Planning Committee Chair, introduced this item.
Action: Upon a motion by Councilmember Downey and second by First Vice Chair Stocks, the Board of Directors: (1) approved the prioritized list of land management projects and funding allotments; and (2) authorized the Executive Director to enter into agreements with the proposed grantees. Yes – 17 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Carlsbad and National City.

CHAIR’S REPORT (15)

15. APPOINTMENT OF NOMINATING COMMITTEE FOR SANDAG BOARD OFFICERS (INFORMATION)

In accordance with the SANDAG Bylaws, the Chair will appoint up to a six-person nominating committee for Board officers, made up of Board members from each of the four subregions and a member from the City of San Diego and the County of San Diego. However, the nominating committee shall not include Board members from jurisdictions that have applicants for the Chair or a Vice Chair position on the Board of Directors. The nominating committee will submit its slate nominees, in writing, for mailing to Board members in or around November.

Chair Pfeiler announced the following who agreed to serve as members of the nominating committee: National City Mayor Ron Morrison (South County), Nominating Committee Chair; San Diego Mayor Jerry Sanders, San Diego County Supervisor Bill Horn, Lemon Grove Mayor Mary Sessom (East County), Poway Mayor Don Higginson (North County Inland), and Carlsbad Councilmember Matt Hall (North County Coastal).

Action: This item was presented for information.

REPORTS (16 through 23) (Continued)

17. PROPOSED FINAL 2010 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM (APPROVE)

SANDAG, as the metropolitan planning organization, is required by state and federal laws to develop and adopt a Regional Transportation Improvement Program (RTIP), a multiyear program of proposed major highway, arterial, transit, and non-motorized projects, including the TransNet Program of Projects. The Transportation Committee held a public hearing on September 3, 2010, to accept public testimony on the draft 2010 RTIP, including the air quality conformity analysis. The Transportation Committee recommended that the Board of Directors approve Resolution No. 2011-05, adopting the Final 2010 RTIP, including its air quality conformity determination and the air quality conformity re-determination of the 2030 Revenue Constrained Regional Transportation Plan: Pathways for the Future, and direct staff to submit the Final 2010 RTIP to the state.

Second Vice Chair and Transportation Committee Chair Jack Dale (Santee) introduced this item.
Action: Upon a motion by Mayor Jim Desmond (San Marcos) and second by Mayor Mary Sessom (Lemon Grove), the SANDAG Board of Directors approved Resolution No. 2011-05, adopting the Final 2010 RTIP, including its air quality conformity determination and the air quality conformity re-determination of the 2030 Revenue Constrained Regional Transportation Plan: Pathways for the Future; and directed staff to submit the Final 2010 RTIP to the state. Yes – 17 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Carlsbad and National City.

18. 2011 ANNUAL SANDAG BOARD OF DIRECTORS SUMMIT (APPROVE)

The annual Board of Directors Summit is scheduled for February 2-4, 2011. The primary objective of this public meeting is to afford participants the opportunity to discuss strategies for some of the agency’s more important regional policies and programs, and develop ideas for the future direction of the agency. The Executive Committee recommended that the Board of Directors approve the topics listed under the Discussion section of the report as the basis for developing the agenda and format for the 2010 SANDAG Board of Directors Summit.

First Vice Chair Stocks introduced this item.

Colleen Windsor, Communications Director, reviewed the date, location, draft topics, and potential speakers.

First Vice Chair Stocks noted that if Board members had any input regarding the discussion topics or speaker candidates to contact Ms. Windsor directly.

Action: Upon a motion by Supervisor Slater-Price and second by Mayor Desmond, the SANDAG Board of Directors approved the topics listed under the Discussion section of the report as the basis for developing the agenda and format for the 2010 SANDAG Board of Directors Summit. Yes – 17 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Carlsbad and National City.


On July 23, 2010, the Board of Directors approved the 2010 TransNet Plan of Finance update. To support Board action, draft bond documents have been prepared for the issuance of up to $360 million in long-term fixed rate debt in November 2010. Staff provided an overview of the bond strategy and financing schedule, including a summary of the draft bond documents. In addition, staff briefed the Board of Directors about the latest developments in the financial markets, the economy and revenues, and the strategies being explored and implemented to minimize possible impacts to SANDAG.

Action: This item was presented for discussion purposes only.
Various Revenue Constrained Network Scenarios for the 2050 Regional Transportation Plan (2050 RTP) have been developed using the prioritized project list and other factors. The Revenue Constrained Network Scenarios will attempt to build and operate as much of the Unconstrained Transportation Network as possible, given revenue availability and flexibility and project priorities.

Heather Werdick, Senior Planner, and José A. Nuncio, Manager of Financial Programming and Project Control, presented the initial Revenue Constrained Network and Sustainable Communities Strategy (SCS) Scenarios. The Board of Directors was asked to discuss and provide feedback on the initial 2050 Revenue Constrained Network Scenarios.

Chair Pfeiler noted several requests to speak on this item.

Councilmember Esther Sanchez, City of Oceanside, indicated that her city took an opposing position on State Route 241 and suggested that it be made clear that this document does not include a statement of support for this project.

Hannah Cohen, representing Sustainable San Diego, recommended that the 2050 RTP include an analysis of social equity impacts for the various scenarios.

Penni Takade, representing Move San Diego, stated that we need to see how well the SCS performs against the RTP goals that SANDAG has established, before selecting a preferred revenue constrained network scenario. She expressed her support for public transit, and stated that choice riders want to use transit but the most important factors are convenience and time savings. She stated her opinion that high-occupancy vehicle (HOV) lanes should not be considered as transit improvements.

Board discussion ensued.

**Action:** This item was presented for discussion purposes only.

**21. ANNUAL REPORT FROM THE TransNet INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (INFORMATION)**

Carolyn Lee, Chair of the Independent Taxpayer Oversight Committee (ITOC), presented the Committee's annual report for FY 2010. In accordance with the TransNet Ordinance, this annual report presented the results of the annual fiscal and compliance audit process, including findings and recommendations.

**Action:** This item was presented for information only.
22. QUALITY OF LIFE FUNDING STRATEGY UPDATE (INFORMATION)

Chair Pfeiler noted that the Quality of Life Ad Hoc Steering Committee and the Quality of Life Stakeholders Working Group have been meeting regularly to provide input to the Board of Directors on the development of a Quality of Life funding strategy. An update was provided on the work that has been accomplished to date.

Action: This item was presented for information only.

23. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL IN ANTICIPATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(B) – ONE POTENTIAL CASE

Chair Lori Holt Pfeiler convened the meeting into a closed session at 11:35 a.m. The meeting was reconvened into open session at 11:58 a.m.

General Counsel Julie Wiley reported the following out of closed session: the Board of Directors provided direction to staff for settlement authority on a claim that is pending, but no final action is reportable at this time.

24. UPCOMING MEETINGS

The next Board Policy meeting is scheduled for Friday, October 8, 2010, at 10 a.m. The next Board Business meeting is scheduled for Friday, October 22, 2010, at 9 a.m.

25. ADJOURNMENT

The meeting was adjourned at 11:58 a.m.

DGunn/M/DGU
### ATTENDANCE

**SANDAG BOARD OF DIRECTORS MEETING**

**SEPTEMBER 24, 2010**

<table>
<thead>
<tr>
<th>JURISDICTION/Organization</th>
<th>NAME</th>
<th>ATTENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Carlsbad</td>
<td>Matt Hall (Member)</td>
<td>No</td>
</tr>
<tr>
<td>City of Chula Vista</td>
<td>Cheryl Cox (Primary)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Coronado</td>
<td>Carrie Downey (Primary)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Del Mar</td>
<td>Crystal Crawford (Primary)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of El Cajon</td>
<td>Mark Lewis (Primary)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Encinitas</td>
<td>Jerome Stocks, 1st Vice Chair (Primary)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Escondido</td>
<td>Lori Holt Pfeiler, Chair (Primary)</td>
<td>Yes</td>
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<tr>
<td>City of Imperial Beach</td>
<td>Jim Janney (Primary)</td>
<td>Yes</td>
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<tr>
<td>City of La Mesa</td>
<td>Art Madrid (Member)</td>
<td>Yes</td>
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<tr>
<td>City of Lemon Grove</td>
<td>Mary Sessom (Primary)</td>
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<tr>
<td>City of National City</td>
<td>Ron Morrison (Member)</td>
<td>Yes</td>
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<tr>
<td>City of Oceanside</td>
<td>James Wood (Member)</td>
<td>Yes</td>
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<td>City of Poway</td>
<td>Don Higginson (Primary)</td>
<td>Yes</td>
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<tr>
<td>City of San Diego – A</td>
<td>Anthony Young (1st. Alt.)</td>
<td>Yes</td>
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<tr>
<td>City of San Diego - B</td>
<td>Ben Hueso (Primary, Seat B)</td>
<td>Yes</td>
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<tr>
<td>City of San Marcos</td>
<td>Jim Desmond (Primary)</td>
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<td>City of Santee</td>
<td>Jack Dale (2nd Vice Chair)</td>
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<td>City of Solana Beach</td>
<td>Lesa Heebner (Primary)</td>
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<td>City of Vista</td>
<td>Judy Ritter (Primary)</td>
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<td>County of San Diego - A</td>
<td>Pam Slater-Price (Primary, Seat B)</td>
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<tr>
<td>County of San Diego - B</td>
<td>Bill Horn (Primary, Seat A)</td>
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<tr>
<td>Caltrans</td>
<td>Laurie Berman (1st. Alt.)</td>
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<td>MTS</td>
<td>Harry Mathis (Member)</td>
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<tr>
<td>NCTD</td>
<td>Bob Campbell (Primary)</td>
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<tr>
<td>Imperial County</td>
<td>Wally Leimgruber (Member)</td>
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<tr>
<td>US Dept. of Defense</td>
<td>CAPT Keith Hamilton (Member)</td>
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<td>SD Unified Port District</td>
<td>Scott Peters (Member)</td>
<td>Yes</td>
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<td>SD County Water Authority</td>
<td>Howard Williams (1st. Alt.)</td>
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<tr>
<td>Baja California/Mexico</td>
<td>Lydia Antonio (Alternate)</td>
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<tr>
<td>Southern California Tribal Chairmen’s Association</td>
<td>Allen Lawson (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Edwin Romero (Member)</td>
<td>No</td>
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</tbody>
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ACTIONS FROM POLICY ADVISORY COMMITTEES

The following actions were taken by the Policy Advisory Committees since the last Board of Directors meeting.

BORDERS COMMITTEE MEETING (September 24, 2010)

The Borders Committee took the following actions or recommended the following approvals:

• Recommended that the Board of Directors accept the recommendations resulting from the 2010 Binational Seminar.

TRANSPORTATION COMMITTEE MEETING (October 1, 2010)

The Transportation Committee took the following actions or recommended the following approvals:

• Authorized the Executive Director to execute a Memorandum of Agreement (MOA) with the U.S. Army Corps of Engineers to expedite the delivery of TransNet projects, in substantially the same form as attached to the agenda report.

• Approved the process and criteria for recommending transportation projects to the Board of Directors for the FY 2012 federal appropriations cycle.

• Recommended that the Board of Directors: (1) authorize the Executive Director to approve an amendment to the agreement with the San Diego Unified Port District, in substantially the same form attached to the agenda report, to accept $2 million in additional funding; and (2) approve an amendment to the FY 2011 Budget to increase the Port Access Improvement project budgets (CIP 1300701/4) from $7.13 million to $9.13 million.

EXECUTIVE COMMITTEE MEETING (October 8, 2010)

The Executive Committee took the following actions or recommended the following approvals:

• Took a support position on Proposition 22, the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010.

• Approved the agenda for the October 22, 2010, Board of Directors meeting, as amended.
JOINT TRANSPORTATION COMMITTEE/REGIONAL PLANNING COMMITTEE MEETING (October 15, 2010)

No actions were scheduled for the joint meeting.

TRANSPORTATION COMMITTEE MEETING (October 15, 2010)

The Transportation Committee is scheduled to take the following actions or recommend the following approvals:

- Recommend that the Board of Directors, acting as the San Diego County Regional Transportation Commission, adopt Resolution No. RTC 2011-01, authorizing the issuance of not to exceed $350 million of fixed-rate bonds and the execution and distribution of the documents that are attached to the agenda report in substantially final form.

- Hold a public hearing to solicit public comments on shortening the conformity timeline and proposed methodology for the regional emissions analysis for the 2050 Regional Transportation Plan (RTP); and after considering public comments, recommend that the Board of Directors shorten the conformity timeframe and approve the proposed methodology for conducting the 2050 RTP air quality conformity determination.

- Conduct a public hearing on the 2010-2014 Coordinated Plan; and after considering public comments, recommend that the Board of Directors approve the Final 2010-2014 Coordinated Plan, in substantially the same form as attached to the agenda report.

PUBLIC SAFETY COMMITTEE MEETING (October 15, 2010)

The Public Safety Committee is scheduled to take the following actions or recommend the following approvals:

- Approve the addition of $486,000 to the FY 2011 Program Budget and Overall Work Program (OWP) from FY 2010 carryover funds, for the development of a real-time interface between the Automated Regional Justice Information System (ARJIS) and the San Diego County Sheriff's Department Records Management System (NetRMS).

- Approve an amendment to the FY 2011 Budget and OWP to accept $299,136 in funding over two years for OWP Project No. 23457 to complete objectives associated with a research grant by the National Institute of Justice to conduct a two-year evaluation of two law enforcement efforts (Chula Vista Police Department and the San Diego County Sheriff's Department) funded to target crime along the southern border of the United States.

- Recommend that the Executive Committee include the public safety-related goals discussed in the agenda report in the SANDAG 2011 Legislative Program.

Staff will update the Board of Directors if the actual actions taken by the Transportation and Public Safety Committees on October 15, 2010, differ from those described in this report.

GARY L. GALLEGOS
Executive Director
# 2011 Calendar of Meetings of the SANDAG Board of Directors and Policy Advisory Committees

<table>
<thead>
<tr>
<th>Board of Directors – Policy or Business</th>
<th>Board of Directors – Business</th>
<th>Transportation Committee</th>
<th>Regional Planning Committee</th>
<th>Executive Committee</th>
<th>Public Safety Committee</th>
<th>Borders Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Normally second Friday, 10 a.m. to 12 noon)</td>
<td>(Normally fourth Friday, 9 a.m. to 12 noon)</td>
<td>(Normally first and third Fridays, 9 a.m. to 12 noon)</td>
<td>( Normally first Friday, 12 noon to 2 p.m.)</td>
<td>( Normally second Friday, 9 to 10 a.m.)</td>
<td>(Normally third Friday, 1 to 3 p.m.)</td>
<td>( Normally fourth Friday, 12:30 to 2:30 p.m.)</td>
</tr>
<tr>
<td>*To be scheduled only if needed</td>
<td>*November 18, 2011 (Third Friday due to Thanksgiving holiday)</td>
<td>*November 4, 2011 10 a.m. to 1 p.m. (Only one meeting due to Thanksgiving holiday)</td>
<td>*November 4, 2011 1 to 3 p.m.</td>
<td>*November 4, 2011 (First Friday due to Thanksgiving holiday)</td>
<td>*November 18, 2011 (Third Friday due to Thanksgiving holiday)</td>
<td>*November 18, 2011 (Third Friday due to Thanksgiving holiday)</td>
</tr>
<tr>
<td>*December 2, 2011 (First Friday due to Christmas holiday)</td>
<td>*December 16, 2011 (Third Friday due to Christmas holiday)</td>
<td>*December 9, 2011 (Second Friday due to Christmas holiday)</td>
<td>December 2, 2011</td>
<td>*December 2, 2011 (First Friday due to Christmas holiday)</td>
<td>*December 9, 2011 (Second Friday due to Christmas holiday)</td>
<td>*To be scheduled only if needed</td>
</tr>
</tbody>
</table>

* Changes to normal meeting schedule shown in **bold**. Note that fifth Friday Board meetings are scheduled to accommodate 2050 Regional Transportation Plan development; these will be cancelled if not needed.

Last Updated: 10/15/2010
PROPOSED ADDENDUM 5 TO MASTER AGREEMENT BETWEEN MTS AND SANDAG REGARDING PROPERTY TRANSFERS

Introduction

The proposed Addendum 5 to the Master Agreement would prescribe a process that would allow for SANDAG and Metropolitan Transit System (MTS) to transfer property between the two agencies under certain circumstances. Approval by the Federal Transit Administration (FTA) of the Addendum has been sought and received because from time to time the properties being transferred would be FTA funded in whole or in part. Since both agencies are FTA grantees, FTA has agreed that once a transfer occurs, the continuing control and other FTA grantee responsibilities would reside with the recipient of the property.

Recommendation

The Board of Directors is asked to authorize the Executive Director to execute Addendum 5 to the Master Agreement with Metropolitan Transit System in substantially the same form as attached to allow for property transfers between Metropolitan Transit System and SANDAG when certain conditions are met.

Discussion

Over the past year, SANDAG and MTS management have determined that the circumstances around certain pieces of property justified transfer of the property from one agency to the other. For example, the majority of the property needed for the Sabre Springs Bus Rapid Transit (BRT) station off of Interstate 15 was purchased some years ago by MTS. Years later, in order to construct the BRT station, SANDAG purchased a small portion of property adjacent to MTS property. For various reasons, it did not make sense for SANDAG to maintain ownership of this sliver of property while MTS owned the bulk of the property. Since the property was purchased by SANDAG using FTA funds, and FTA does not allow a grantee to transfer property and continuing control obligations without FTA approval, SANDAG had to seek approval from FTA for the transfer. It took many months for FTA to grant the approval. Other potential pending transfers include a transfer of a parcel for the South Bay Bus Maintenance Facility from SANDAG to MTS and the transfer of two vehicles from MTS to SANDAG. The vehicles have been used by SANDAG employees since those employees were transferred to SANDAG in 2004 as a result of Senate Bill 1703 (SB 1703), but the titles to the vehicles have never been transferred to SANDAG.

SANDAG, MTS, and North County Transit District (NCTD) are parties to a Master Agreement that resulted from the consolidation process and SB 1703. From time to time, two or more of the parties to the Master Agreement enter into an addendum to set forth supplemental terms of agreement. In April of this year, MTS and SANDAG staff jointly sent a request to FTA for approval of the process set forth in Addendum 5 in order to avoid the time-consuming process of obtaining approval from
FTA for each property transfer. NCTD was invited to be included as a party to Addendum 5, but elected to maintain the process of seeking approval from FTA for individual transfers of property.

In August 2010 FTA authorized MTS and SANDAG to proceed with execution of Addendum 5. If MTS and SANDAG execute Addendum 5, future property transfers between the agencies would be carried out by the management of the two agencies in accordance with the following decision-making criteria:

- Whether the potential transferee agency will operate and/or maintain the property all or a majority of the time;
- Based on an analysis of liability, insurance, agency experience, or other practical considerations, it is reasonable for the other agency to have ownership and control of the property;
- If the property is being transferred by SANDAG to MTS, SANDAG has determined that the property’s primary purpose will be to provide or to assist MTS in providing public transportation service, and the property is unlikely to provide an opportunity for future regional infrastructure development; and
- If the property is being transferred by MTS to SANDAG, MTS has determined that the property is unlikely to have the primary purpose of providing or assisting MTS in providing public transportation service, and the property is unlikely to provide an opportunity for future revenue generation to offset transportation operating or maintenance expenses of MTS.

These criteria would apply whether or not the property being transferred was paid for using FTA funds. Transfers of property other than real property would utilize the Bill of Sale template, and real property transfers would occur by means of the Grant Deed template, both of which are attached to Addendum 5.

GARY L. GALLEGOS
Executive Director

Attachment: 1. Draft Addendum 5 to Master Agreement

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

No Budget Impact
ADDENDUM NUMBER 5 TO THE MASTER MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN DIEGO ASSOCIATION OF GOVERNMENTS, THE NORTH SAN DIEGO COUNTY TRANSIT DEVELOPMENT BOARD AND THE METROPOLITAN TRANSIT SYSTEM ESTABLISHING THE FORM OF AGREEMENT FOR THE CONVEYANCE OF PROPERTY

(SANDAG Contract No. 5000710)

This Addendum Number 5 is made and entered into this ______ day of _________, 2010, by and between the San Diego Association of Governments ("SANDAG") and the Metropolitan Transit Development Board, now known as the Metropolitan Transit System ("MTS"), hereafter collectively referred to as the "Parties," and individually as "Party."

RECITALS

WHEREAS, the Parties entered into Addendum Number 1 to the Master Memorandum of Understanding between the Parties in April 2004; and

WHEREAS, Addendum Number 1 includes a preliminary agreement between the Parties regarding ownership of real and personal property acquired, purchased or constructed before and after consolidation pursuant to the San Diego Regional Transportation Consolidation Act (Act) (Public Utilities Code § 132350 et seq.); and

WHEREAS, the Parties now seek to set forth their intent with regard to ownership of real and personal property acquired, purchased or constructed by SANDAG, but operated and maintained by MTS and ownership of real or personal property acquired, purchased or constructed by MTS, but operated and maintained by SANDAG; and

WHEREAS, property acquired, purchased or constructed by SANDAG or MTS utilizing Federal Transit Administration (FTA) grant funding, is subject to the requirement that that the FTA grantee, whether it be SANDAG or MTS, retain "satisfactory continuing control" of the property ("FTA Regulations"); and

WHEREAS, the FTA Regulations provide that FTA grantees are required to obtain approval from the FTA prior to the conveyance of property acquired, purchased or constructed by the grantee, funded with FTA grant money, to assure that the grantee retains "satisfactory continuing control" within the meaning of the FTA Regulations; and

WHEREAS, SANDAG and MTS have received advance approval from the FTA to transfer assets amongst the Parties, each of whom is an FTA grantee, without having to obtain FTA approval for each transfer. A copy of the letter of approval is attached to this Addendum Number 5 as Exhibit C; and

WHEREAS, the Parties acknowledge that via Exhibit C the FTA has approved the forms of agreement to transfer property amongst the Parties attached hereto as Exhibits A and B, which shall be kept in significantly the same form, but tailored for individual property transfer needs.
AGREEMENT

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

I. Definitions:

1. Consolidation: The effective date of the Act, which is January 1, 2003.

2. Improvement: Building or facility constructed on Real Property.

3. MTS Funded Improvement, Real Property or Personal Property: Refers to Improvements, Real Property, or Personal Property acquired, purchased or constructed with funding controlled by MTS in whole or in part. The funding may or may not have come from the FTA.

4. MTS Funded Pre-Owned Real Property: Real Property acquired, purchased or constructed by MTS prior to Consolidation.

5. Personal Property: All Property other than Real Property.

6. Property: Improvement, Real Property or Personal Property, and/or any combination thereof.


8. SANDAG Funded Improvement, Real Property or Personal Property: Refers to Improvements, Real Property, or Personal Property acquired, purchased or constructed with funding controlled by SANDAG in whole or in part. The funding may or may have come from the FTA.

9. SANDAG Funded Pre-Owned Real Property: Real Property acquired, purchased or constructed by SANDAG prior to Consolidation.

10. Subsequently Acquired MTS Property or Subsequently Acquired SANDAG Property: Improvements, Real Property and/or Personal Property acquired, purchased or constructed after Consolidation by MTS or SANDAG, which may or may not be funded in whole or in part by the FTA.

11. Transferee. The entity to which Property is transferred to pursuant to this Addendum 5.

12. Transferor. The entity which transfers Property to another entity pursuant to this Addendum 5.

II. Preliminary Understanding of Parties

1. If a SANDAG Funded Improvement is made to MTS Funded Pre-Owned Real Property, the Improvement shall be owned by SANDAG unless it is transferred
pursuant to the terms of this Addendum.

2. If an MTS Funded Improvement is made to SANDAG Funded Pre-Owned Real Property, the Improvement shall be owned by MTS unless it is transferred pursuant to the terms of this Addendum.

3. All Subsequently Acquired SANDAG Property shall be owned by SANDAG and SANDAG may transfer or sell the Property to the extent permitted by law.

4. All Subsequently Acquired MTS Property shall be owned by MTS and MTS may transfer or sell the Property to the extent permitted by law.

III. Criteria for Real and Personal Property Transfers

1. All Property that constitutes Subsequently Acquired SANDAG Property may be conveyed by SANDAG to MTS if the following conditions are met:
   
a. SANDAG and MTS have agreed that MTS will operate and/or maintain the Subsequently Acquired SANDAG Property all or a majority of the time;

b. SANDAG and MTS agree that due to liability, insurance, MTS experience, or other practical considerations it is reasonable for MTS rather than SANDAG to have ownership and control of the Subsequently Acquired SANDAG Property;

c. SANDAG has determined that the Subsequently Acquired SANDAG Property’s primary purpose will be to provide or assist MTS in providing public transportation service and the Subsequently Acquired SANDAG Property is unlikely to provide an opportunity for future regional infrastructure development; and

d. SANDAG and MTS execute an agreement that is consistent with the forms of agreement for Real or Personal Property transfers that have been approved by FTA (i.e. Exhibits A or B) to allow SANDAG to convey the Subsequently Acquired SANDAG Property and transfer its satisfactory continuing control obligations set forth in the FTA Regulations to MTS.

   i. The conveyance of Personal Property or an Improvement to MTS pursuant to this Section III (1) shall be made using the Bill of Sale form of agreement attached hereto as Exhibit “A.”

   ii. The conveyance of Real Property to MTS pursuant to this Section III (1) shall be made using the Grant Deed form of agreement attached hereto as Exhibit “B.”

2. All Property that constitutes Subsequently Acquired MTS Property may be conveyed by MTS to SANDAG if the following conditions are met:
a. SANDAG and MTS have agreed that SANDAG will operate and/or maintain the Subsequently Acquired MTS Property all or a majority of the time;

b. SANDAG and MTS agree that due to liability, insurance, experience, or other practical considerations it is reasonable for SANDAG rather than MTS to have ownership and control of the Subsequently Acquired MTS Property;

c. MTS has determined that the Subsequently Acquired MTS Property is unlikely to have the primary purpose of providing or assisting MTS in providing public transportation service and the Subsequently Acquired MTS Property is unlikely to provide an opportunity for future revenue generation to offset MTS's transportation operating or maintenance expenses; and

d. SANDAG and MTS execute an agreement that is consistent with the forms of agreement for Real or Personal Property transfers that have been approved by FTA (i.e. Exhibits A or B) to allow MTS to convey the Subsequently Acquired MTS Property and transfer its satisfactory continuing control obligations set forth in FTA Regulations to SANDAG.

i. The conveyance of Personal Property or an Improvement to SANDAG pursuant to this Section III(2) shall be made using the Bill of Sale form of agreement attached hereto as Exhibit “A.”

ii. The conveyance of Real Property to SANDAG pursuant to this Section III(2) shall be made using the Grant Deed form of agreement attached hereto as Exhibit “B.”

VI. Terms and Conditions Which Must be Complied with as a Condition of Receiving Real and Personal Property

1. **Incorporation of Grant Agreement.** All of the terms, conditions, covenants, restrictions and agreements binding on SANDAG or MTS regarding ownership or use of the Property pursuant to any FTA Grant Agreement or other relevant local, state or federal agreement are incorporated into this Addendum 5 by this reference, including all referenced or applicable federal statutes, regulations, orders and agreements, and SANDAG and MTS agree to honor and perform all such terms, conditions, covenants, restrictions and agreements as they relate to ownership or use of the Property.

2. **Reserved Federal Interest.** If the Property is federally funded the United States of America will have an interest in the Property, pursuant to any FTA Grant Agreement or other federal grant agreement.

3. **Property Records.** Transferee shall maintain the following records regarding the Property, during its useful life:
a. A legal description of the Property, the assessor’s parcel number(s) associated with the Property, the funding source of the Property, the acquisition date of the Property, and the initial acquisition cost of the Property, the percentage of Federal participation in the cost of the Property (if any), the location, use and condition of the Property, and any alternate disposition data, including the date of disposal and sale price of the Property.

b. A control system must be maintained to ensure adequate safeguard to prevent loss or damage to the Property. Any loss or damage shall be promptly investigated by Transferee and reported to Transferor.

4. Operation and Maintenance. Transferee shall operate and maintain the Property in good condition, in accordance with generally accepted standards in the transportation industry, reasonable wear and tear excepted.

5. Liens. Transferee shall not suffer or permit to be enforced against all or any portion of the Property, any mechanics’ lien or any claim for damage arising from or related to Transferee’s activities on the Property. Transferee shall promptly pay or otherwise cause to be removed all of said liens, claims or demands before any action is brought to enforce any such lien against all or any portion of the Property.

V. General Terms and Conditions

1. Indemnification.

a. Neither MTS, nor any officer 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 Addendum. It is understood and agreed that, pursuant to Government Code Section 895.4, SANDAG shall fully defend, indemnify and save harmless MTS, and all officers and employees 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 Addendum.

b. Neither SANDAG, nor any officer thereof is responsible for any damage or liability occurring by reason of anything done or omitted to be done by MTS under or in connection with any work, authority or jurisdiction delegated to MTS under this Addendum. It is understood and agreed that, pursuant to Government Code Section 895.4, MTS shall fully defend, indemnify and save harmless SANDAG, and all officers and employees 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 MTS under or in connection with any work, authority or jurisdiction delegated to MTS under this Addendum.

2. **Dispute Resolution Process.** The Parties shall endeavor to resolve any disputes or defaults in this Addendum, a Bill of Sale, or a Grant Deed through reasonable business-like dispute resolution procedures without resorting to litigation. Accordingly, if a dispute regarding a default condition arises, executive level officers of both Parties shall promptly meet to attempt to resolve the dispute. Such representatives shall confer in a good faith in an attempt to resolve the dispute, until they either succeed or they conclude that the dispute will not be resolved through one or more special meetings. If the Parties are unable to resolve the dispute otherwise, the Parties shall proceed to resolve the dispute by arbitration pursuant to Paragraph 3 below.

3. **Arbitration.** If a matter in dispute is not resolved through the special meeting process set forth in Paragraph 2 above, either Party may submit the matter to binding arbitration by delivering written notice of such election to the other. Unless the Parties agree otherwise, the arbitration proceeding shall be conducted in San Diego, California, by an independent arbitrator from the American Arbitration Association (or any successor or mutually acceptable alternative, referred to in this Grant Deed as the “AAA”) in accordance with the AAA Commercial Arbitration Rules and Arbitrator Appointment Procedures, within thirty (30) calendar days after the notice of intent to initiate arbitration is delivered. The costs of the arbitration shall be shared equally by both parties to the arbitration, except that each party shall pay the fees, costs and expenses of its own legal counsel in connection with any such arbitration.

4. **Power of Termination Regarding Property.**

a. The Transferor hereby reserves a power of termination pursuant to Civil Code Sections 885.010, et seq., exercisable by Transferor, in its sole and absolute discretion, upon thirty (30) calendar days written notice to the Transferee, to terminate the fee interest of Transferee in the Property and/or any improvements on or to the Property and reves such fee title in Transferor and take possession of all or any portion of such real property and improvements, without compensation to Transferee, following the occurrence of a Default Condition, but subject to the provisions of Paragraphs 2 and 3 above of this Section V.

b. Upon Transferor’s exercise of its power of termination pursuant to this Paragraph 4, Transferee, its successors or assigns shall convey fee title to the Property and all improvements on or to the Property to Transferor by grant deed or bill of sale, in accordance with Civil Code Section 1109, as such code section may hereafter be amended, renumbered, replaced or substituted. Such conveyance shall be duly acknowledged by Transferee and a notary in a manner suitable for recordation. Transferor may enforce
its rights pursuant to this Paragraph 4 by means of an injunctive relief or forfeiture of title action filed in any court of competent jurisdiction.

c. IMMEDIATELY FOLLOWING THE THIRTY (30) DAY PERIOD SPECIFIED IN THE PROPERTY TRANSFER DOCUMENT (BILL OF SALE OR GRANT DEED), WHICHEVER PARTY IS TRANSFEROR, ITS EMPLOYEES OR AGENTS SHALL HAVE THE RIGHT TO REENTER AND TAKE POSSESSION OF ALL OR ANY PORTION OF THE PROPERTY AND ANY IMPROVEMENTS ON OR TO THE PROPERTY, WITHOUT FURTHER NOTICE OR COMPENSATION TO TRANSFEE. BY INITIALIZING BELOW, POTENTIAL TRANSFEREEES HEREBY EXPRESSLY WAIVE, TO THE MAXIMUM EXTENT ALLOWED BY LAW, ANY AND ALL RIGHTS THAT TRANSFEEES MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 791 AND CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1162, AS THOSE STATUTES MAY BE AMENDED, REPLACED, RENUMBERED OR SUBSTITUTED, OR UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

Initials of MTS Authorized Transferee Representative

Initials of SANDAG Authorized Transferee Representative

5. Notices. Any notice required or permitted under this Addendum 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: Gary Gallegos
For MTS: 1255 Imperial Avenue, Suite 1000 San Diego, CA 92101 Attn: Paul Jablonski

6. This Addendum shall continue in effect unless and until a Party to the MOU gives 60 (sixty) days written notice of its desire to withdraw from the MOU.

7. The indemnification provisions of this Addendum shall survive termination of the Addendum.

8. This Addendum 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 Addendum, the action shall be brought in a state or federal court situated in the County of San Diego, State of California.

9. 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.
10. For purposes of this Addendum, 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.

11. No alteration or variation of the terms of this Addendum 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.

12. Nothing in the provisions of this Addendum is intended to create duties or obligations to or rights in third Parties to this Addendum or affect the legal liability of the Parties to this MOU to third Parties.

13. This Addendum 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.

IN WITNESS WHEREOF, the Parties hereto have executed this Addendum Number 5 on the date and year first above written.

SAN DIEGO ASSOCIATION OF GOVERNMENTS

By: ____________________________

Gary Gallegos, Executive Director

METROPOLITAN TRANSIT SYSTEM

By: ____________________________

Paul Jablonski
Chief Executive Officer

APPROVED AS TO FORM:

By: ____________________________

Julie Wiley, General Counsel

APPROVED AS TO FORM:

By: ____________________________

Tiffany Lorenzen, General Counsel
BILL OF SALE

THIS BILL OF SALE (this “Bill of Sale”) is made this _____ day of __________, 20__, by and between the SAN DIEGO ASSOCIATION OF GOVERNMENTS (“SANDAG”) and the METROPOLITAN TRANSIT SYSTEM (MTS).

WHEREAS, [MTS or SANDAG] (“Transferor”) has funded the purchase of that certain Personal Property or improvements described on Attachment 1 attached to this Bill of Sale (the “Property”) with some combination of local, state and federal funds; and

WHEREAS, Transferor wishes to transfer the Property to [MTS or SANDAG] (“Transferee”) for the purposes(s) set forth below; and

WHEREAS, Transferee seeks to use the Property for the purpose of ____________ (Designated Use) for the duration of the useful life of the Property; and

WHEREAS, Transferor seeks to maintain “satisfactory continuing control” within the meaning of United States Department of Transportation regulations (Title 49 Code of Federal Regulations) applicable to the ownership and use of the Property;

WHEREAS, all the terms and conditions, including but not limited to defined terms in Addendum 5 to the Master Memorandum of Understanding between MTS, NCTD and SANDAG dated ______, 2010 (“Addendum 5”), are incorporated herein by reference and compliance therewith is a condition of the receipt of the Property by Transferee;

TERMS AND CONDITIONS OF TRANSFER

IN CONSIDERATION OF THE PROMISES SET FORTH IN THIS BILL OF SALE AND OTHER GOOD AND VALUABLE CONSIDERATION, the Parties agree as follows:

1. Property Transfer. Transferor hereby conveys and transfers the Property to Transferee, subject to the terms and conditions of this Bill of Sale and Addendum 5.

2. Permitted Use. Transferee shall only use the Property for the following Designated Use for the duration of the Property’s Useful Life:

[Insert Designated Use Here]

3. Operation and Maintenance. Transferee shall operate and maintain the Property in good condition, in accordance with generally accepted standards in the transportation industry, reasonable wear and tear excepted.

4. Liens. Transferee shall not suffer or permit to be enforced against all or any portion of the Property, any lien or any claim for damage arising from or related to Transferee’s use of the Property. Transferee shall promptly pay or otherwise cause to be removed all of said liens, claims or demands before any action is brought to enforce any such lien against all or any portion of the Property.

Exhibit A
5. **Default.** If Transferee fails to utilize the Property for the Designated Use, fails to maintain the Property in accordance with the terms and conditions of this Bill of Sale, or otherwise fails to perform or violates any term, condition, covenant, restriction or agreement of Addendum 5 applicable to Transferee’s ownership or use of the Property, a “Default Condition” shall exist.

6. **Notice of Default.** If Transferor believes a Default Condition exists, Transferor may deliver a “Notice of Default” to Transferee setting forth the asserted default.

   (a) If Transferee receives a Notice of Default from Transferor, Transferee shall answer the Notice of Default (an “Answer”), within thirty (30) days following such receipt.

   (b) If Transferee does not timely deliver an Answer, title to the Property shall automatically, without further notice to or action by either party, revert to Transferor and, thereafter, Transferor shall have the right to exclusively possess and use the Property, including the right to repossess and recover the Property from wherever located.

   (c) If Transferee timely delivers an Answer, any dispute regarding the asserted Default Condition shall be resolved by dispute resolution pursuant to Addendum 5.

7. **Notices.** Any approval, disapproval, demand, document or other notice (“Notice”) which either party may desire to give to the other party shall be in writing and shall be delivered by hand-delivery, by overnight courier, by facsimile transmission or by U.S. Certified or Registered Mail (postage prepaid) and shall be deemed received when receipted for at the addressee’s place of business (in the case of hand-delivery), on the date of delivery confirmed by the overnight courier service (in the case of overnight courier delivery), when the recipient’s facsimile machine acknowledges the transmitting party receipt of all pages (in the case of facsimile transmission), or four (4) days after being posted with the U.S. Mail (in the case of Certified or Registered mail delivery). All such notices shall be delivered to the following addresses (or at any other address as a party may later designate in writing pursuant to this Paragraph7):

   For SANDAG  
   401 B Street, Suite 800  
   San Diego, CA 92101  
   Attn: Gary Gallegos  
   Fax: 619-595-1995

   For MTS  
   1255 Imperial Avenue, Suite 1000  
   San Diego, CA 92101  
   Attn: Paul Jablonski  
   Fax:

8. **Findings Pursuant to Section III of Addendum 5.** Transferor hereby makes the following findings in accordance with Section III of Addendum 5 to the Master Memorandum of Understanding between the Parties:

   [Insert Findings Here Consistent with Addendum 5]

   [Signatures on following pages]
IN WITNESS WHEREOF, the Parties acknowledge and agree to all of the transfers, terms, conditions, covenants, restrictions and agreements set forth in this Bill of Sale through the execution of this Bill of Sale by their authorized representative(s), as follows:

SAN DIEGO ASSOCIATION OF METROPOLITAN TRANSIT SYSTEM GOVERNMENTS

By: ________________________________  By: ________________________________
Gary Gallegos, Executive Director

Paul Jablonski, Chief Executive Officer

APPROVED AS TO FORM:

By: ________________________________  By: ________________________________
Office of General Counsel

Office of General Counsel
ATTACHMENT 1

PROPERTY
Exhibit B
RECORDING REQUESTED BY
[Transferee]

WHEN Recorder RETURN TO:
[Transferee Address]

APN: ________________

This Grant Deed is exempt from Documentary Tax pursuant to Revenue and Taxation Code § 11922

Notice is given that the Property described herein becomes "exempt property" under Revenue and Taxation Code § 5081 as of the date of recording of this Grant Deed (the "date of apportionment" under Revenue and Taxation Code § 5082).

Recording without fee requested pursuant to Government Code § 27383

GRANT DEED

THIS GRANT DEED ("Grant Deed") is made into this ___ day of __________, 20__, by and between the SAN DIEGO ASSOCIATION OF GOVERNMENTS ("SANDAG") and the METROPOLITAN TRANSIT SYSTEM (MTS), with reference to the following recited facts:

RECITALS

WHEREAS, [MTS or SANDAG] ("Transferor") has funded the purchase of that certain real property, including any improvements, described on Attachment 1 attached to this Grant Deed (the "Property") with some combination of local, state and federal funds; and

WHEREAS, Transferor seeks to transfer the Property to [MTS or SANDAG] ("Transferee") for the purpose(s) set forth below; and

WHEREAS, Transferor seeks to maintain "satisfactory continuing control" within the meaning of the United States Department of Transportation regulations (Title 49 Code of Federal Regulations) applicable to the ownership and use of the Property; and

WHEREAS, all the terms and conditions of Addendum 5 to the Master Memorandum of Understanding between MTS and SANDAG dated ____, 2010 ("Addendum 5"), are incorporated herein by reference and compliance therewith is a condition of the receipt of the Property by Transferee;

TERMS AND CONDITIONS OF GRANT

IN CONSIDERATION OF THE PROMISES SET FORTH IN THIS GRANT DEED AND OTHER GOOD AND VALUABLE CONSIDERATION, the Parties agree as follows:

1. Grant of Property. Transferor hereby grants the Property to Transferee, subject to the terms and conditions of this Grant Deed and Addendum 5.

2. Permitted Use. Transferee shall only use the Property for the following

Exhibit A
Designated Use during the Useful Life of the Property:

[Insert Designated Use and Useful Life here]

3. Findings. Transferor hereby makes the following findings in accordance with Section III of Addendum 5 to the Master Memorandum of Understanding between the Parties:

[Insert Findings Here Consistent with Addendum 5]

4. Default. If Transferee fails to utilize the Property for the Designated Use, fails to maintain the Property in accordance with the terms and conditions of this Grant Deed, or otherwise fails to perform or violates any term, condition, covenant, restriction or agreement of Addendum 5, a “Default Condition” shall exist.

5. Notice of Default. If Transferor believes a Default Condition exists, Transferor may deliver a “Notice of Default” to Transferee setting forth the asserted Default Condition.

   (a) If Transferee receives a Notice of Default from Transferor, Transferee shall answer the Notice of Default (an “Answer”), within thirty (30) days following such receipt.

   (b) If Transferee does not timely deliver an Answer, Transferor shall have the right to exercise the power reserved to it in Addendum 5 to terminate Transferee’s estate in the Property.

   (c) If Transferee timely delivers an Answer, any dispute regarding the alleged Default Condition shall be resolved by dispute resolution pursuant to Addendum 5.

6. Notices. Any approval, disapproval, demand, document or other notice (“Notice”) which either party may desire to give to the other party shall be in writing and shall be delivered by hand-delivery, by overnight courier, by facsimile transmission or by U.S. Certified or Registered Mail (postage prepaid) and shall be deemed received when receipted for at the addressee’s place of business (in the case of hand-delivery), on the date of delivery confirmed by the overnight courier service (in the case of overnight courier delivery), when the recipient’s facsimile machine acknowledges the transmitting party receipt of all pages (in the case of facsimile transmission), or four (4) days after being posted with the U.S. Mail (in the case of Certified or Registered mail delivery). All such notices shall be delivered to the following addresses (or at any other address as a party may later designate in writing pursuant to this Paragraph5).

   For SANDAG  For MTS
   401 B Street, Suite 800  1255 Imperial Avenue, Suite 1000
   San Diego, CA 92101  San Diego, CA 92101
   Attn: Gary Gallegos  Attn: Paul Jablonski
   Fax: 619-595-1995  Fax: 

IN WITNESS WHEREOF, the Parties acknowledge and agree to all of the, grants, terms, conditions, covenants, restrictions and agreements set forth in this Grant Deed, through the
execution of this Grant Deed by their respective authorized representative(s), as follows:

SAN DIEGO ASSOCIATION OF METROPOLITAN TRANSIT SYSTEM GOVERNMENTS

By: ____________________________ By: ____________________________
Gary Gallegos, Executive Director Paul Jablonski, Chief Executive Officer

APPROVED AS TO FORM:

By: ____________________________ By: ____________________________
Office of General Counsel Office of General Counsel
CERTIFICATE OF ACCEPTANCE OF GRANT DEED

(Government Code Section 120040)

This is to certify that the interest in real property conveyed by this instrument to the San Diego Metropolitan Transit System, is hereby accepted by the undersigned officer on behalf of the San Diego Metropolitan Transit System pursuant to the authority granted to it under California Public Utilities Code section 120040, and the grantee consents to the recordation thereof by its duly authorized officer.

Date: ___________________________  By: ___________________________

Paul C. Jablonski  
Chief Executive Officer
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of San Diego

On ______________ before me, __________________________

DATE NAME AND TITLE OF NOTARY

personally appeared __________________________

NAME(S) OF SIGNER(S)

~ personally known to me -OR- ~ proved to me of the basis of
satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledge to me that
he/she/they executed the same in his/her/their authorized capacity(ies),
and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the
instrument.

Witness my hand and official seal.

________________________________________

Signature of Notary

CAPACITY CLAIMED BY SIGNER

~ INDIVIDUAL(S)
~ CORPORATE __________________________
~ OFFICER(S) __________________________
~ PARTNER(S)
~ ATTORNEY-IN-FACT
~ TRUSTEE(S)
~ SUBSCRIBING WITNESS
~ GUARDIAN/CONSERVATOR
~ OTHER: __________________________

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

____________________________

____________________________

____________________________

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to unauthorized document.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Title or Type of Document __________________________

Number of Pages __________ Date of Document

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

____________________________

____________________________

____________________________

RIGHT THUMBPRINT OF SIGNER

Top of thumb here
ATTACHMENT 1

PROPERTY
Mr. Gary Gallegos  
Executive Director,  
San Diego Association of Governments  
401 B Street, Suite 800,  
San Diego, CA 92101  

Attention: Julie Wiley, General Counsel, SANDAG  

Re: Memorandum of Understanding for Transfer of Project Property between SANDAG and San Diego MTS

Dear Mr. Gallegos:

This is in response to the joint request of April 14, 2010, to the Federal Transit Administration (FTA) from the General Counsel of the San Diego Association of Governments (SANDAG) and the General Counsel of the Metropolitan Transit System (MTS). The request seeks concurrence in a Memorandum of Understanding (MOU) for the transfer of federally funded property between the SANDAG and MTS.

FTA has reviewed the terms and conditions under which SANDAG and MTS propose to conduct interagency transfers of federally funded project property and concur in the proposed MOU. This concurrence enables SANDAG and MTS to conduct interagency transfers of property without having to seek FTA concurrence for each individual transfer. FTA directs both agencies to keep record of all transfers, and to ensure satisfactory continuing control of all property transferred.

If you have any questions regarding this matter, please contact Melanie Robertson, FTA Program Manager at 415.744.2737 or e-mail at Melanie.Robertson@dot.gov.

Sincerely,

Leslie T. Rogers  
Regional Administrator

cc: Paul Jablonski, Chief Executive Officer, MTS  
Tiffany Lorenzen, General Counsel, MTS
Introduction

SANDAG entered into an agreement with the San Diego Unified Port District (Port) for the joint development of the Port Access Improvement projects on December 22, 2008. As part of this agreement, the Port has been incrementally transferring funds to SANDAG to fund the preliminary engineering within the environmental permitting phase. To date, the Port has transferred $5.33 million to SANDAG for preliminary engineering services. The Port would like to amend the agreement with SANDAG so an additional $2 million can be transferred to SANDAG to continue and complete preliminary engineering services for all the Port Access Improvement projects (Capital Improvement Program (CIP) Nos. 1300701 through 1300704). The Transportation Committee recommended approval of this agreement and related FY 2011 Budget amendment at its October 1, 2010, meeting.

Recommendation

The Transportation Committee recommends that the Board of Directors: (1) authorize the Executive Director to approve an amendment to the agreement with the San Diego Unified Port District, in substantially the same form as Attachment 1, to accept $2 million in additional funding; and (2) approve an amendment to the FY 2011 Budget to increase the Port Access Improvement projects budget (CIP Nos. 1300701 through 1300704) from $7.13 million to $9.13 million.

Discussion

The Port Access Improvement projects (Attachment 2) consist of roadway and freeway interchange improvements at four locations. The locations include: (1) Tenth Avenue/Cesar E. Chavez Parkway and Harbor Drive; (2) 32nd Street and Harbor Drive; (3) Civic Center Drive and Interstate 5 (I-5); and (4) Bay Marina Parkway Drive and I-5. Access improvement alternatives include roadway widening, structures, and access modifications. If Amendment 1 is approved, the combined Port and federal funding for this project will be $9.13 million. The total estimated cost of the projects is $191 million.
Caltrans has completed the environmental permitting for projects (3) and (4). Projects (1) and (2) entail more complex environmental challenges requiring additional water quality studies, utility relocations, and hazardous waste investigations. The additional $2 million would be applied to preliminary engineering and environmental studies for these two projects and will increase the total project budget to $9.13 million.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Amendment No. 1 to MOU between San Diego Unified Port District and SANDAG regarding Port Access Improvement Projects
2. Map of Port Access Improvement Projects

Key Staff Contact: Mario Orso, (619) 688-2561, mario.orso@dot.ca.gov
AMENDMENT NO. 1 TO
MEMORANDUM OF UNDERSTANDING
BETWEEN SAN DIEGO UNIFIED PORT DISTRICT
AND SAN DIEGO ASSOCIATION OF GOVERNMENTS
REGARDING PORT ACCESS IMPROVEMENT PROJECTS

The parties to this First Amendment to Agreement are the SAN DIEGO UNIFIED PORT DISTRICT, a public corporation (District), and the San Diego Association of Governments (SANDAG).

Recitals:

The District and SANDAG are parties to an agreement for funding and administering the Port of San Diego Port Access Improvement Projects (Projects). The Agreement is on file in the Office of the District Clerk as Document No. 54345 dated December 22, 2008. The District and SANDAG are in agreement that further funding by the District is needed to continue the work on the Projects. The Parties intend to amend the agreement to add $2,000,000, for a new total amount of $7,330,000 to be transferred to SANDAG effective this ______ day of ______________ 2010.

The Parties Agree:

The agreement, described above is amended as follows:

1. The first sentence of Section 4 is amended to read as follows: The Port District agrees to transfer $7,330,000 to SANDAG.

2. Except as amended by this First Amendment, all other terms, covenants, and conditions in the original Agreement shall remain in full force and effect.

APPROVED AS TO FORM
SAN DIEGO UNIFIED PORT DISTRICT

Port Attorney
Charles D. Wurster, President

APPROVED AS TO FORM
SAN DIEGO ASSOCIATION OF GOVERNMENTS

Julie Wiley, SANDAG General Council
Gary L. Gallegos, Executive Director

SDUPD Doc No. 428267
REPORT SUMMARIZING DELEGATED ACTIONS
TAKEN BY EXECUTIVE DIRECTOR

Introduction

Board Policy Nos. 003, 017, and 024 require the Executive Director to report certain actions to the Board of Directors on a monthly basis.

Discussion

Board Policy No. 003

Board Policy No. 003, “Investment Policy,” requires the submittal of a monthly report of investment transactions to the Board. Attachment 1 contains the reportable investment transactions for August 2010.

Board Policy No. 017

Board Policy No. 017, “Delegation of Authority,” requires the Executive Director to report to the Board certain actions taken at the next regular meeting.

Section 4.1 of the policy authorizes the Executive Director to enter into agreements not currently incorporated in the budget and make other modifications to the budget in an amount up to $100,000 per transaction, so long as the overall budget remains in balance. Attachment 2 contains the reportable actions since the report made at the last meeting.

Section 4.6 of the policy authorizes the Executive Director to provide the final determination to persons or firms filing a protest regarding SANDAG procurement or contracting processes or procedures.

1. A protest was submitted by Balestreri, Pendleton, Potocki, A Law Corporation on behalf of Precise Construction Management regarding the SANDAG Light Rail Vehicle Car Wash Replacement Project. The protest was rejected on October 4, 2010, on the grounds that the protestor failed to allege any violation of a specific law or regulation as required by the SANDAG protest procedures.
Board Policy No. 024

Board Policy No. 024, “Procurement and Contracting-Construction,” requires the Executive Director to report to the Board the granting of (1) Relief from Maintenance and Responsibility over $25,000, and (2) Acceptance of Work for construction contracts over $25,000. There are no delegated action items to report.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Reportable Investment Transactions for August 2010
2. Budget Transfers and Amendments

Key Staff Contact: Lauren Warrem, (619) 699-6931, lwa@sandag.org
MONTHLY ACTIVITY FOR INVESTMENT SECURITIES TRANSACTIONS FOR AUGUST 1 THROUGH AUGUST 31, 2010

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<td>1140500</td>
<td>LRV Shop Modifications</td>
<td>$2,408.2</td>
<td>$2,358.2</td>
<td>($50.0)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1128600</td>
<td>LRV Car Wash</td>
<td>$1,000.0</td>
<td>$1,050.0</td>
<td>$50.0</td>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td>1143000</td>
<td>Del Mar Bluffs III</td>
<td>$1,423.6</td>
<td>$1,339.9</td>
<td>($83.8)</td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2300400</td>
<td>PECAS Development (FY 2010)</td>
<td>$582.1</td>
<td>$580.6</td>
<td>($1.6)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2300400</td>
<td>PECAS Development (FY 2011)</td>
<td>$739.4</td>
<td>$741.0</td>
<td>$1.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td>2300600</td>
<td>GIS to Support Modeling, Forecasting, and Planning Efforts (FY 2010)</td>
<td>$308.5</td>
<td>$288.5</td>
<td>($20.0)</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2300600</td>
<td>GIS to Support Modeling, Forecasting, and Planning Efforts (FY 2011)</td>
<td>$524.7</td>
<td>$544.7</td>
<td>$20.0</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7300200</td>
<td>Marketing Coordination and Implementation (FY 2010)</td>
<td>$208.3</td>
<td>$141.7</td>
<td>($66.7)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7300200</td>
<td>Marketing Coordination and Implementation (FY 2011)</td>
<td>$79.8</td>
<td>$146.4</td>
<td>$66.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7500000</td>
<td>Service Bureau - Main Project FY 2011</td>
<td>$317.2</td>
<td>$257.2</td>
<td>($60.0)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7509400</td>
<td>Habitat Conservation Plan for Vernal Pools</td>
<td>$0.0</td>
<td>$60.0</td>
<td>$60.0</td>
<td></td>
</tr>
</tbody>
</table>

Transfer $50,000 from project 1140500 to project 1128600. Construction bid proposals were higher than anticipated for the LRV Car Wash project. Additional funding is required to complete the full project scope of work.

Reduce project for balance of STIP funding that expired on 6-30-2010.

Carryover contractual obligations for employer file information from FY 2010 to FY 2011 for this annual project.

Carryover contractual obligations for aerial imagery costs from FY 2010 to FY 2011 for this annual project.

Carryover marketing and advertising efforts from FY 2010 to FY 2011 in support of SR 11/New Border Crossing project for this annual project.

Transferred funds from the Main Service Bureau project (#7500000) to establish a new project (#7509400).
REPORTS ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG

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

September 13-15, 2010: International Bridge, Tunnel and Turnpike Association (IBTTA) 78th Annual Conference
San Diego, CA
- Chair Lori Holt Pfeifer attended this IBTTA meeting, which included topics on using tolling as a management tool and how transportation funding is changing in the country. With less federal transportation dollars available, and more state transportation efforts and investments, there are more opportunities for public-private partnerships using tolls. One topic discussed was how tolls can be used as a congestion management tool, and not just as a revenue-producer.

September 20, 2010: Meetings with Standard & Poor’s and Moody’s Rating Agencies
San Francisco, CA
- Chair Pfeifer, several SANDAG staff members, SANDAG financial advisors, bond counsel, and senior underwriting representatives attended meetings with Standard & Poor’s and Moody’s. The purpose of these meetings was to reacquaint the rating agencies with the work of SANDAG (as the San Diego County Regional Transportation Commission), describe the performance of the TransNet sales tax revenue program, and review the proposed 2010 TransNet bond issuance. Maintaining strong credit ratings for SANDAG will allow our agency to obtain competitive prices for the proposed 2010 bonds and lower financing costs.

September 26-29, 2010: San Diego Regional Chamber of Commerce Mission to Washington, D.C.
Washington, D.C.
- First Vice Chair Jerome Stocks and San Diego County Supervisor Ron Roberts participated in the San Diego Regional Chamber of Commerce meetings in Washington, DC. They met with Congressional members and federal agency officials, and attended advocacy meetings about transportation and border-related issues as well as the Mid-Coast Corridor Transit project.

September 30, 2010: Joint Orange County Transportation Authority (OCTA)/SANDAG Meeting
San Juan Capistrano, CA
- Chair Pfeifer, First Vice Chair Stocks, Second Vice Chair Jack Dale, and Imperial Beach Mayor Jim Janney, Regional Planning Committee Chair, attended this meeting. The discussion centered around projects of mutual concern, including the Los Angeles-San Diego-
San Luis Obispo (LOSSAN) rail corridor, high-occupancy-vehicle lanes between San Diego and Orange Counties, and quiet zone efforts. An update on the SANDAG 2050 Regional Transportation Plan also was presented.

September 30, 2010: LOSSAN Board of Directors Meeting
San Luis Obispo, CA

- Solana Beach Councilmember Joe Kellejian attended this meeting as the SANDAG representative to the LOSSAN Board of Directors. The discussion included progress of the LOSSAN Project Manager and upcoming tasks, including work with related San Diego agencies. The LOSSAN Board also received updates on state and federal legislation and funding opportunities from Caltrans and AMTRAK.

GARY L. GALLEGOS
Executive Director
**Introduction**

In December 2005, the Board of Directors approved a financial strategy to implement the TransNet Extension and to fulfill ongoing commitments of the original TransNet measure. The financial strategy supported the Board’s desire to jump start a TransNet Early Action Program (EAP) of projects.

Since that time, the Board of Directors has continued to support implementation of the TransNet EAP. The Board has regularly reviewed program revenues and costs, has continued to dedicate the majority of discretionary federal and state funding to the EAP, and has approved annual updates to the TransNet Plan of Finance. The most recent update – the 2010 TransNet Plan of Finance – was approved by the Board on July 23, 2010. With this update the Board approved a “Robust” scenario that would advance to construction (prior to FY 2018) additional projects under development in key EAP corridors and prepare the next list of shovel-ready projects. An integral part of the approved Plan of Finance is a proposed TransNet 2010 bond financing to meet the near-term EAP cash flow needs.

The Board’s July action and the proposed bond financing discussed in this report would allow the region to capitalize on opportunities presented by the current financial and construction market conditions. The Robust scenario accomplishes three objectives: (1) accelerates projects during a low construction cost environment; (2) takes advantage of historically low interest rates; and (3) captures the 35 percent Build America Bonds (BABs) federal interest subsidy before its scheduled expiration at the end of calendar year 2010.

In addition, SANDAG staff has worked with our member agencies and the transit operators on the opportunity to participate in the TransNet debt issuance for (1) new funds to advance TransNet eligible projects and/or (2) refinancing of outstanding TransNet commercial paper. The Cities of San Marcos, Solana Beach, Santee, and National City have expressed an interest and have obtained approvals from their respective councils. A total of $350 million of fixed-rate bonds is proposed to be issued to meet the needs of both SANDAG and the interested cities.
As discussed at the September 17, 2010, Transportation Committee and the September 24, 2010, Board of Directors meetings, this strategy is now moving into the implementation stage with the sale of bonds scheduled for the end of this month, contingent upon Board approval. This report provides an update on the preparations for the transaction and an additional opportunity to review the draft bond documents. It also summarizes the responsibilities of the Board of Directors with respect to this bond issuance, and addresses the questions raised at both the Transportation Committee and Board of Directors meetings last month.

**Discussion**

The financial strategy previously approved by the Board of Directors includes the existing $100 million commercial paper program, low interest rates locked in through interest rate exchange agreements (swaps), and the issuance of $600 million of long-term, variable-rate debt in March 2008. The proposed 2010 issuance would complement our current debt portfolio, allowing for further diversification through the use of a fixed-rate strategy.

**Responses to Questions**

At the September meetings, members of the Transportation Committee and Board of Directors raised several questions concerning the proposed 2010 issuance. Responses to these questions are provided below:

**Should we refinance the $600 million in variable rate bonds?** We continuously monitor our entire debt program, including whether a refinancing of the $600 million in variable-rate bonds into fixed-rate bonds would be advantageous. Refinancing would require that we “unwind” or terminate the swaps, which would be very costly based on current market conditions. The variable-rate bond program, even with the increased cost of the liquidity facilities, has been cost-effective, averaging an annual rate of 4.3 percent to date. This has resulted in interest expense savings in excess of $13 million when compared to what interest expense would have been if SANDAG had issued fixed-rate bonds in March 2008 instead of variable-rate bonds.

**What is our bonding capacity?** Debt service coverage is a measure of the ability to make interest and principal payments on an annual basis and is one of the primary attributes the rating agencies and potential bondholders use to measure the creditworthiness of an issuer. If we were to assume a conservative approach, and calculate debt service coverage over the life of the 2008 and proposed 2010 bonds (through 2048) using FY 2010 sales tax revenues (i.e., assuming no growth), the annual debt service coverage would not drop below 4.39. This means that, based on FY 2010 sales tax revenue, we could pay the annual debt service 4.39 times. The Trust Indenture requires a minimum debt service coverage ratio of 1.3. Additionally, the purpose of the Plan of Finance, which the Board approved in July, is to measure the financial ability of SANDAG to implement the projects in the TransNet Extension Ordinance. There are a number of cost and revenue assumptions included in the Plan of Finance, one of which is future bonding capacity. The most recent update of the Plan of Finance demonstrated sufficient bonding capacity to complete the Major Corridor projects in the TransNet program.
What is the cost of negative arbitrage? Is it more advantageous to issue all $350 million in bonds now, or to delay a portion of the bond issuance? Negative arbitrage occurs when the bond proceeds are invested at a rate that is lower than the interest rate we are paying the bondholders. In the current market environment, this situation is unavoidable. The goal is to minimize the negative arbitrage, while at the same time issuing the optimum amount of debt to allow implementation of the capital program at the lowest cost. The base case analysis assumes the issuance of $350 million in bonds in November 2010, the bonds bear interest expense at 3.56 percent, bond proceeds are spent over three years, and 0.8 percent is earned on the unspent proceeds (a conservative assumption). The estimated negative arbitrage or “cost of carry” in the base case analysis is approximately $11 million.

For comparison, we analyzed two alternative scenarios, both of which assume a delay in the issuance of a portion of the bonds, with $200 million issued in 2010 and the balance of $150 million issued in two years (2012). As with the base case, the bond proceeds are assumed to be spent down over the same three-year period. For the $150 million in bonds issued in 2012, Scenario A assumes they are issued as tax-exempt (TE), and Scenario B assumes they are issued as taxable BABs with a 30 percent subsidy rate.

Currently, there is legislation pending in both houses of Congress to continue the BABs program, but at lower subsidy rates. However, whether the program will be renewed is unknown at this time; therefore, any bond issuance assumed beyond 2010 would be subject to this risk. There also is general market risk with delaying a portion of the bond issuance. The market is currently at a point of historically low interest rates, and market consensus is that interest rates would increase over the next 12 to 24 months. In both alternative scenarios, the interest rate for the 2012 issuance assumes a 40 basis point increase over today’s rates.

The table below summarizes the major assumptions and costs of the various scenarios. Both alternative scenarios would result in negative arbitrage, albeit at lower amounts than the base case. However, in both scenarios the likely interest rate increases, coupled with the loss or reduction of the BABs subsidy, would result in higher debt service costs to the TransNet program. Therefore, proceeding with the proposed 2010 issuance of $350 million in bonds is recommended at this time.

<table>
<thead>
<tr>
<th>Bond Structure and Timing</th>
<th>Base Case</th>
<th>Scenario A</th>
<th>Scenario B</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Estimated Negative Arbitrage</td>
<td>$11 million</td>
<td>$8 million</td>
<td>$7 million</td>
</tr>
<tr>
<td>(2) Estimated Debt Service (present value)</td>
<td>$274 million</td>
<td>$300 million</td>
<td>$280 million</td>
</tr>
<tr>
<td>Total (1) and (2)</td>
<td>$285 million</td>
<td>$308 million</td>
<td>$287 million</td>
</tr>
</tbody>
</table>

What is the risk of elimination of the federal BABs subsidy? The interest on the taxable BABs is subsidized by the federal government at the rate of 35 percent. Since the program began, more than $135 billion in BABs has been issued. Given the level of participation in the program, the impact of eliminating the subsidy would be far-reaching and significant and is therefore unlikely to occur. Another consideration is that although the federal government is subsidizing the BABs at a rate that makes them competitive with a tax-exempt bond, the federal government also in effect
subsidizes the tax-exempt bond market in that taxpayers pay reduced federal taxes. Regardless, in the unlikely event that the BABs subsidy were eliminated, we have mitigated the impact to SANDAG by including an “extraordinary” call provision in the bond documents, which would allow SANDAG to pay off the bonds at a premium (most likely by issuing tax-exempt bonds).

What is the risk that member agency funding could be appropriated for debt service? What is the risk to SANDAG of allowing member agencies to participate in the bond issuance? The existing and proposed bonds and the commercial paper are fully secured by TransNet sales tax revenues. The 2008 and 2010 bonds are issued as senior lien debt, which gives those bondholders the first right to the sales tax revenues, with the commercial paper on a subordinate lien basis. The California State Board of Equalization collects the sales taxes for the region and remits the funds to the SANDAG Trustee, U.S. Bank, on a monthly basis. The Trustee withholds all required debt service payments for bonds and commercial paper, and makes the debt service payments on behalf of SANDAG. All net revenues after the Trustee’s withholdings are remitted to SANDAG for expenditure on TransNet-eligible SANDAG projects or for pass-through to local agencies for TransNet-eligible projects in accordance with the TransNet Extension Ordinance. Therefore, no other SANDAG funding sources or member agency funds (other than TransNet funds) are at risk to being appropriated for purposes of paying debt service. In addition, since the Trustee will withhold all debt service payments (both for SANDAG and participating member agency portions), there is minimal risk to SANDAG to allow member agencies to participate in the proposed 2010 bond issuance.

What ability does the State have to appropriate the TransNet sales tax for other purposes? With limited exceptions, the TransNet sales tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State of California. The State Legislature or the statewide voters, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the TransNet sales tax are imposed. Any such change or limitation could have an adverse impact on the TransNet sales tax collected. The State Legislature also could attempt to redirect all or a portion of the TransNet sales tax from its use to pay for the projects authorized in the Ordinance and debt service on the proposed 2010 bonds to instead be used for State general fund purposes or other statewide uses. In the informal opinion of Bond Counsel, however, any attempt by the State Legislature to redirect the use of the TransNet sales tax in a manner that would prevent the payment of debt service on the proposed 2010 bonds would violate the Impairment Clause of the United States Constitution, and accordingly, should be precluded. It is likely that interpretation and application of such legislation would ultimately be determined by the courts. In the informal opinion of Disclosure Counsel, based in part on discussions of the issue with the financing team (including Bond Counsel), the risk of the State redirecting all or a portion of the TransNet sales tax is highly unlikely, and therefore immaterial and unnecessary to include in the Official Statement.

Structuring Considerations

As presented in September, there are four primary structuring considerations for the proposed bond issue, as follows:

1. Debt Service Structure: What is the optimal mix between tax-exempt and taxable bonds and what should the term of repayment be?

   Recommended Approach: For the SANDAG projects and for the Cities of San Marcos ($30 million), Solana Beach ($5.5 million) and Santee ($3.95 million), the recommended approach is to issue taxable BABs with a back-loaded debt service structure. This places most of the repayment of the principal of the bonds in the final ten years of the 38-year amortization period. When combining this proposed back-loaded debt service structure with the current
debt service for the 2008 bonds, the result would be an aggregate level debt service as shown in the graph on page 2 of the PFM memo (Attachment 1). This structure takes advantage of low long-term rates on the back end of the yield curve, maintains constant debt service through 2048, and preserves very strong debt service coverage for the program. The Cities of National City ($3.366 million) and Santee ($4.5 million) also will be taking part in the tax-exempt bond issuance, with a 10-year amortization period. The table below includes the breakdown of the proposed 2010 bond issuance by agency and type of bond.

<table>
<thead>
<tr>
<th>Series 2010 Estimated Par Amount = $350 million</th>
<th>$7.9 million Tax-Exempt / $342.1 million BABs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax-exempt</td>
<td>BABs/Taxable</td>
</tr>
<tr>
<td>SANDAG</td>
<td>$</td>
</tr>
<tr>
<td>San Marcos</td>
<td>-</td>
</tr>
<tr>
<td>Solana Beach</td>
<td>-</td>
</tr>
<tr>
<td>Santee</td>
<td>4,500,000</td>
</tr>
<tr>
<td>National City</td>
<td>3,366,000</td>
</tr>
<tr>
<td>Cost of Issuance/Underwriters’ Discount</td>
<td>49,000</td>
</tr>
<tr>
<td>Total Par Issued</td>
<td>$ 7,915,000</td>
</tr>
</tbody>
</table>

2. BABs Subsidy Treatment: Should the subsidy be treated as an increase in annual revenue or a decrease to debt service expense?

   Recommended Approach: The BABs subsidy is estimated to total $218 million over the life of the bond issue. The recommended approach is to treat the subsidy as a decrease to debt service expense, because it would result in a higher debt service coverage ratio than if it were treated as an increase in annual revenue. There is no downside risk to SANDAG to taking this approach.

3. Call Options: Should SANDAG retain the right to call the bonds early at par in 10 years (“10-year par call”), or allow investors to hold the bonds to maturity with an option to call the bonds early at a premium (“make-whole call”)?

   Recommended Approach: The primary reason for the 10-year par call option is to have the flexibility to refinance the debt at a later date should interest rates decrease significantly. Future interest rates would have to be considerably below today’s historically low rates in order for SANDAG to exercise the call option for debt service savings, an event that is not likely to occur. Based on the current market, the flexibility provided by the 10-year par call would cost us approximately $16 million in present value interest rate savings (because the market charges the issuer for this flexibility). As a result, the recommended approach is to retain the make-whole call option, which still provides flexibility to restructure, albeit at some potential cost in the future.
4. Debt Service Reserve Fund: How much, if any, should be placed in the debt service reserve fund?

Recommended Approach: The purpose of the Debt Service Reserve Fund is to pay debt service if pledged revenues (TransNet sales tax) are insufficient to satisfy the annual debt service requirements. There is a cost to funding a debt service reserve in that it increases the amount of issued debt, and there is the cost of negative arbitrage on the funds placed in reserve. In some cases, the rating agencies require a debt service reserve in order to receive a favorable rating. However, that is not the case with SANDAG as our ratings have been reaffirmed at AAA with Standard & Poor’s and Aa1 with Moody’s. As a result, the recommended approach is to not fund a debt service reserve.

Attachment 1 contains a memorandum from SANDAG financial advisors, Public Financial Management, which provides more information relating to these structuring considerations. The pros and cons of each of these structuring considerations as well as a brief walk through of draft bond documents were discussed with the Transportation Committee on September 17 and October 15 and the Board of Directors on September 24. The Independent Taxpayer Oversight Committee received a verbal report on the proposed bond issue on September 8, and received another update on October 13, including a review of the October 15 Transportation Committee agenda report and a discussion of the structuring considerations.

**Board Member Responsibilities**

Before making a decision regarding the bond issuance, the Board should review all of the documents to become familiar with their contents. Attached to this report are the draft bond documents (Attachments 2-7) for review and information, along with a “catalogue of blanks” (Attachment 8) detailing when the missing information will be filled in and the responsible party. Board members should pay particular attention to the information contained in the Official Statement (Attachment 3) to ensure there are no inaccuracies concerning SANDAG.

The Board members also should ensure that to the best of their knowledge all of the factual statements are true and correct in all material respects and that the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in any of the documents regarding SANDAG misleading. The Transportation Committee was asked to make a recommendation on the bond issuance due to its responsibilities in carrying out certain aspects of the TransNet program and to ensure that its members are not aware of any inaccurate statements regarding SANDAG in the documents. It is the SANDAG Board of Directors, in its role as the San Diego County Regional Transportation Commission, however, that ultimately has responsibility for approving the transaction.

When carrying out their fiduciary responsibilities, public officials may rely upon employees, bond counsel, disclosure counsel, and other professionals to assure that they are in compliance with the antifraud provisions of the federal securities laws, as long as the reliance is reasonable. In order for the reliance to be considered reasonable, the public official must (1) make complete disclosure to the appropriate professional of any potentially material mistake or omission in the documents; (2) request the professional’s advice as to what disclosure is proper; (3) receive advice regarding the appropriate disclosure; and (4) rely in good faith on that advice.

SANDAG Bond Counsel (Orrick, Herrington & Sutcliffe LLP), Disclosure Counsel (Nossaman LLP), and Financial Advisor (Public Financial Management) will be present to give the Transportation Committee information regarding proper disclosure. The Chief Deputy Executive Director (Renée Wasmund), TransNet and Legislative Affairs Program Director (Kim Kawada), Director of
Finance (Lauren Warrem), Chief Economist (Marney Cox), and General Counsel (Julie Wiley) have all reviewed the draft bond documents, and to the best of the staff’s knowledge, all of the factual statements are true and correct in all material respects, and the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in those documents regarding SANDAG misleading.

**Series 2010 Bonds Participating Cities**

The Cities of San Marcos, Solana Beach, Santee, and National City have expressed an interest in participating in a portion of the issuance of the Series 2010 Bonds, either by issuing new TransNet project funds or refinancing their respective outstanding portion of the TransNet Commercial Paper program. Each jurisdiction has obtained an approved Resolution from their respective city council (Attachment 9). The cities must document their understanding of the requirements for participating in the Series 2010 Bonds in an executed Memorandum of Agreement (MOA). A sample of the provisions the MOAs will include is provided in the form of the proposed MOA with the City of Santee in Attachment 10. Each of the cities will be required to execute an MOA in substantially the same form as this sample.

**Next Steps**

The anticipated schedule includes the pricing of the bonds on October 28 and the closing of the bonds on November 10.

The Board’s visionary action to approve the financial strategy to jump start the TransNet Extension has resulted in much progress on several EAP projects during the last five years. The execution of the proposed plan to issue fixed-rate, long-term debt will allow for this momentum to continue. The funds the bonds provide will allow the expedited delivery of construction projects and critical development milestones on other projects, providing for the mobility needs of the region while continuing to successfully compete for the additional funds the program will need in the future.

GARY L. GALLEGOS
Executive Director

2. Draft San Diego County Regional Transportation Commission Resolution No. RTC 2011-01  
3. Draft Preliminary Official Statement  
4. Draft Third Supplemental Indenture  
5. Draft Second Supplement to the Amended and Restated Subordinate Indenture  
6. Draft Bond Purchase Agreement  
7. Draft Continuing Disclosure Agreement  
8. Catalogue of Outstanding (Blank) Items by Document  
9. Approved Council Resolutions for the Cities of San Marcos, Solana Beach, Santee, and National City  
10. Sample Memorandum of Agreement (with City of Santee) Regarding Debt Financing Through the TransNet Program

Key Staff Contacts: Lauren Warrem, (619) 699-6931, lwa@sandag.org  
Kim Kawada, (619) 699-6994, kka@sandag.org
Memorandum

To: SANDAG Independent Taxpayer Oversight Committee (ITOC), Transportation Committee, and Board of Directors

From: Keith D. Curry, Public Financial Management

Re: Financial Plan and Next Financing

At the request of the SANDAG staff, Public Financial Management, Inc., (“PFM”) has prepared this memorandum for the members of the Independent Taxpayer Oversight Committee, Transportation Committee, and SANDAG Board of Directors. This memorandum provides a brief overview of the proposed upcoming 2010 bond issuance and describes several structural features of the transaction for consideration by SANDAG in its role as the San Diego County Regional Transportation Commission (“Commission”).

PFM worked with SANDAG staff to develop a “Robust” scenario, within the TransNet financial planning model, which delivers projects ready for construction and prepares the next list of shovel-ready projects. The TransNet Plan of Finance (POF), based on the “Robust” scenario, was approved by the Board of Directors at its July 23, 2010, meeting and forms the basis for the proposed 2010 bond issuance. In accelerating program delivery, the “Robust” scenario accomplishes three objectives: (i) accelerates projects during a low construction cost environment, (ii) takes advantage of historically low interest rates and, (iii) captures the 35 percent Build America Bonds (“BABs”) federal interest subsidy before expiration in 2010. The size of the upcoming 2010 bond issuance necessary to implement the “Robust” scenario is estimated to be approximately $350 million.

Described below are key bond structuring considerations for the proposed bond issuance:

**2010 Bond Issuance – Structuring Considerations**

As noted in our previous memo in July, PFM recommends that SANDAG issue TransNet sales tax revenue bonds, including a hybrid alternative of BABs and tax-exempt municipal bonds. BABs are taxable bonds issued by municipalities, whose interest rate is then subsidized by the federal government to bring the net interest rate down to levels comparable or below traditional tax-exempt municipal bonds. The federal government currently provides cash subsidy payments directly to the issuer equal to 35 percent of the issuer’s interest costs. Issuing BABs allows municipal issuers to tap a broader universe of investors (over and above traditional tax-exempt municipal bond investors) interested in taxable bonds. Expanding the investor base has helped achieve lower costs of borrowing for municipal issuers. PFM recommends that the 2010 bond issuance includes a possible mix of tax-exempt bonds and taxable BABs. PFM is continuing to work with SANDAG staff and the financing team to determine the optimum mix, based on prevailing economics and project eligibility requirements applicable to the BABs program and tax-exempt financing.

**Debt Service Structure**

PFM recommends that SANDAG issue the upcoming 2010 bonds as a “back-loaded” debt service structure, placing most of the repayment of the principal of the bonds in the final ten years of the 40-year amortization period. The debt outstanding for the Series 2008 bonds is a thirty-year level debt service structure, which will be fully amortized by April 1, 2038. However, the TransNet Extension does not expire
until April 1, 2048. To take advantage of the debt service capacity in the latter years of the program, the recommended structure would allow for most of the principal on the 2010 bonds to amortize during the last ten years of the Extension. When combining the proposed back-loaded debt service structure for the upcoming 2010 issuance with the current debt service for the Series 2008 Bonds, the result would be an aggregate level debt service as shown in the graph below. This structure would take advantage of low long-term rates on the back end of the yield curve, maintain constant debt service through 2048, and preserve very strong debt service coverage for the program. It also is a familiar and commonly accepted structure by the rating agencies.

### Treatment of the BABs Subsidy

With the proposed issuance of BABs, the Commission's bond documents need to be revised to explicitly account for the federal interest subsidy of 35 percent. There are at least two ways in which the federal subsidy can be accounted for in the Commission's bond documents: (i) as an increase in annual revenues, or (ii) a decrease in annual debt service. The draft Third Supplemental Indenture associated with the upcoming 2010 bonds would amend the Commission's Master Indenture and the original definition of debt service by treating the federal subsidy as a decrease in annual debt service. PFM recommends decreasing annual debt service by the federal subsidy amount resulting in the most favorable calculation of annual debt service coverage, from the Commission’s perspective, thereby minimizing the amount required to fund a debt service reserve fund in the future which provides more proceeds for projects.

### Call Option (10 Year Par Call vs. Make Whole Call)

One difference between the traditional tax-exempt market and the taxable market is the differing call option conventions. Traditional tax-exempt municipal bonds are nearly always sold with a call option whereby the issuer may exercise the option to call any outstanding bonds after 10 years from the sale date, at a price equal to the par amount of bonds being called (i.e., no premium for an early call). This is identified as a “10-year par call,” and it provides for restructuring flexibility by allowing the issuer to take
advantage of possible lower interest rates in the future. Conversely, investors in the taxable bond market have not traditionally offered a 10-year par call to issuers, but rather have preferred to hold the taxable securities until final maturity. Instead of a 10-year par call, issuers are typically offered a “make-whole call” provision whereby issuers must pay a “make-whole premium” to investors by discounting the total remaining debt service on the bonds to be called, by prevailing interest rates. By linking the discount rate to prevailing interest rates, issuers would pay a higher premium during a low interest rate environment and would pay a lower premium during a high interest rate environment if the issuer exercises the call option. As such, a make-whole call provides an issuer future restructuring flexibility, but typically would not allow for an economic refunding in the future.

As the taxable market has continued to grow and expand to municipal issuers with BABs, the prevalence of a traditional 10-year par call option is becoming more acceptable with some taxable investors. In today’s market environment, SANDAG would have to pay approximately 40 basis points through increased annual interest rates for a 10-year par call option; this amounts to a 26 basis point increase in annual interest rates after the federal subsidy. This equates to approximately $16 million in present value cost for a 10-year par call on the BABs. PFM has worked with the SANDAG financing team and has determined that future interest rates would have to be below today’s historically low rates in order for SANDAG to exercise the call option for debt service savings. In view of the fact that SANDAG maintains the flexibility to restructure the 2010 bonds through the use of the make-whole call feature – albeit at some potential cost in the future – we do not recommend that SANDAG forego $16 million in present value interest rate savings for the incremental flexibility provided by the 10-year par call. PFM will continue to monitor the market and adjust our recommended strategy if opportunities arise.

Debt Service Reserve Fund

The Debt Service Reserve Fund (DSRF) is a fund in which money is placed in reserve to be used to pay debt service if pledged revenues are insufficient to satisfy the annual debt service requirements. Usually, the debt service reserve fund is sized to either 10 percent of the par amount, 125 percent of average annual debt service, or maximum annual debt service (MADS). However, BABs investors typically do not place as much value in having a DSRF, and the number of BAB issuances without a DSRF has increased. Issuer ratings and BABs pricings have not been affected when a DSRF has not been funded. This is particularly true in instances where the issuer can demonstrate very high debt service coverage, as is the case with the Commission. Rating agency presentations are scheduled for September 20, 2010. If the rating agencies indicate that SANDAG’s ratings will not be negatively impacted by not funding a DSRF, PFM recommends that the 2010 issuance not include a DSRF. If the rating agencies indicate otherwise (i.e., SANDAG’s ratings would decline), PFM recommends the funding of a DSRF at the level which would allow SANDAG to maximize its ratings.

Recommendation

PFM recommends that SANDAG proceed to sell approximately $350 million in senior lien TransNet sales tax revenue bonds in 2010 with a possible mix of tax-exempt and taxable BABs. We recommend that the principal on the 2010 bonds be back-loaded to take advantage of low long-term rates and create a conservative aggregate level debt service structure. We further recommend that the BABs subsidy be treated as a direct offset to debt service, as it would increase coverage levels and maximize the bond proceeds for capital projects. PFM also recommends issuing BABs with a make whole call structure, but will continue to monitor the market environment and adjust our recommendation if the opportunity arises. We also recommend that no debt service reserve fund be funded for the 2010 bonds, while maintaining flexibility in the documents so that the Commission can adapt accordingly based on feedback from rating agencies and investors.
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

RESOLUTION NO. RTC 2011-01

AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $350,000,000 AGGREGATE
PRINCIPAL AMOUNT OF SAN DIEGO COUNTY REGIONAL TRANSPORTATION
COMMISSION SALES TAX REVENUE BONDS (LIMITED TAX BONDS), SERIES 2010,
THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL INDENTURE, A
SECOND SUPPLEMENT TO SUBORDINATE INDENTURE, A PURCHASE CONTRACT,
AN OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE AGREEMENT, AND
DELEGATING TO THE CHAIR AND SECRETARY OF THE BOARD OF DIRECTORS OF
THE COMMISSION AND EXECUTIVE DIRECTOR OF THE COMMISSION 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 (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 Board of Directors (the “Board”) of the Commission, pursuant to
the San Diego County Regional Transportation Commission Act (constituting Chapter 2 of
- 1 -

OHS West:260970746.6
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 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 authorized the issuance of not to exceed $100,000,000 in aggregate principal amount of Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series B (collectively, the “CP Notes”), pursuant to an Amended and Restated Subordinate Indenture dated as of November 1, 2005 (as amended and supplemented, the “Subordinate Indenture”), by and between the Commission and U.S. Bank National Association, as trustee (the “Notes Trustee”);

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 hereby determines that one or more new series or subseries of bonds in an aggregate principal amount of not to exceed three hundred fifty million dollars ($350,000,000), to be secured by a lien on the retail transactions and use tax on a parity with the lien on such tax that secures the 2008 Bonds, and senior to the lien on such tax that secures the CP Notes, is necessary to provide 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 of San Diego, the funding of habitat-related environmental mitigation and enhancement requirements, the funding of capitalized interest, if any, the retirement of all or a portion of the outstanding CP Notes and the payment of costs of issuance incurred in connection with such bonds, and has determined that such bonds 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 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010” (the “Series 2010 Bonds”);

WHEREAS, the Commission finds and determines that issuing one or more series of the Series 2010 Bonds as taxable bonds which qualify the Commission or its agent to receive federal subsidy payments (the “Subsidy Payments”) under Sections 54AA and 6431 of the Internal Revenue Code of 1986 (the “Code”) or any other provisions of the Code that create, in the determination of the Executive Director of the Commission, a similar direct-pay subsidy program (collectively, the “Build America Bonds”), could produce economic benefits for the Commission;
WHEREAS, the Commission hereby further determines that such series or subseries of bonds (each series or subseries, a “Series of 2010 Bonds”) shall be issued pursuant to the Indenture and a Supplemental Indenture thereto (the “Third Supplemental Indenture”), which Third Supplemental Indenture is proposed to be entered into by the Commission and the Trustee;

WHEREAS, the Executive Director of the Commission has caused to be prepared and presented to the Commission a proposed form of the Third Supplemental Indenture;

WHEREAS, the Commission finds and determines that issuing one or more series of the Series 2010 Bonds as Build America Bonds will require that certain conforming amendments be made to the Subordinate Indenture pursuant to a supplement to the Subordinate Indenture (the “Second Supplement to Subordinate Indenture”);

WHEREAS, the Executive Director of the Commission has caused to be prepared and presented to the Commission a proposed form of the Second Supplement to Subordinate Indenture;

WHEREAS, in order to set forth the terms of sale of the Series 2010 Bonds, the Commission proposes to enter into a bond purchase agreement (the “Purchase Contract”) with Barclays Capital Inc., as managing underwriter with respect to the Series 2010 Bonds, on behalf of itself and the other underwriters, including RBC Capital Markets Inc., De La Rosa & Co., Siebert Brandford Shank & Co., LLC, and Goldman Sachs & Co. (collectively, the “Purchasers”);

WHEREAS, the Purchasers have caused to be prepared and submitted to the Commission a proposed form of Purchase Contract;

WHEREAS, in order to provide information about the Series 2010 Bonds and related matters to purchasers and potential purchasers of the Series 2010 Bonds, the Commission proposes to execute and deliver an official statement (the “Official Statement”);

WHEREAS, the Executive Director of the Commission has caused to be prepared and presented to the Commission a proposed form of Official Statement in preliminary form;

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 Purchasers in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission;

WHEREAS, the Commission has been presented with the form of the Third Supplemental Indenture, the Second Supplement to Subordinate Indenture, the Purchase Contract, the Official Statement in preliminary form, and the Continuing Disclosure Agreement relating to the financing described herein (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 Third Supplemental Indenture, the Purchase Contract, 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 issuance by the Commission of not to exceed $350,000,000 aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010, in accordance with the provisions of the Indenture, in one or more series or subseries, in order to provide 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 of San Diego, the funding of habitat-related environmental mitigation and enhancement requirements, the funding of capitalized interest for the Series 2010 Bonds, if any, the retirement of all or a portion of the outstanding CP Notes and the payment of costs of issuance incurred in connection with the Series 2010 Bonds, is hereby authorized and approved.

Section 2. The proposed form of Third Supplemental Indenture, between the Commission and the 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 Third Supplemental Indenture with the minutes of this meeting, and the Chair of the Board and the Secretary of the Board are authorized and directed to execute and deliver the Third Supplemental Indenture to the Trustee, in substantially such form, and with such additions thereto or changes therein, as they, with the advice of Orrick, Herrington & Sutcliffe LLP, as bond counsel ("Bond Counsel"), shall approve, such approval to be conclusively evidenced by the execution and delivery of the Third Supplemental Indenture. The structure, date, maturity date or dates (not to exceed April 1, 2048), interest rate or rates (not to exceed seven percent (7.0%) per annum as to taxable fixed rate bonds, including Build America Bonds, and not to exceed five and three-quarters percent (5.75%) per annum as to tax-exempt fixed rate bonds, and with a not to exceed five percent (5.0%) per annum true interest cost net, with respect to any series of Series 2010 Bonds designated as Build America Bonds, of any Subsidy Payments expected to be paid to the Commission or its agent), interest payment dates, forms, registration privileges, place or places of payment, terms of redemption (optional redemption may or may not
be provided as determined by the Executive Director of the Commission), mandatory purchase, additional series designation and number thereof (taxable or tax-exempt bonds may or may not be issued as determined by the Executive Director of the Commission) and other terms of the Series 2010 Bonds shall be (subject to the foregoing limitations) as provided in the Third Supplemental Indenture as finally executed and delivered.

Section 3. The proposed form of Second Supplement to Subordinate 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 Supplement to Subordinate Indenture with the minutes of this meeting, and the Chair of the Board and the Secretary of the Board are authorized and directed to execute and deliver the Second Supplement to Subordinate 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 Supplement to Subordinate Indenture.

Section 4. The proposed form of the Official Statement describing the Series 2010 Bonds, the bond features that may be selected in connection with the issuance of the Series 2010 Bonds, and related matters, submitted to the Commission, is hereby approved. The Chair of the Board or the Executive Director of the Commission is hereby authorized and directed to execute and deliver the final Official Statement in substantially such form, and with such additions thereto or changes therein, as the Chair of the Board or Executive Director of the Commission, 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 Chair of the Board or the Executive Director of the Commission is hereby authorized and directed to execute and deliver a certificate confirming that the Official Statement in preliminary form is “deemed final” by the Commission for purposes of Securities and Exchange Commission Rule 15c2-12. The distribution by the Purchasers of copies of the Official Statement in final form to all actual purchasers of the Series 2010 Bonds and the distribution by the Purchasers of the Official Statement in preliminary form to potential purchasers of the Series 2010 Bonds are hereby authorized and approved.

Section 5. The proposed form of Purchase Contract providing for the sale of the Series 2010 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 form of the Purchase Contract with the minutes of this meeting. The sale of the Series 2010 Bonds to the Purchasers at the principal amount thereof, less an underwriters’ discount (or subject to an underwriters’ fee payable by the Commission to the Purchasers) of not to exceed sixty-seven and one-half basis points (0.675%) of such principal amount in accordance with said Purchase Contract and the costs of issuance to be financed with respect to any series of Series 2010 Bonds designated as Build America Bonds not to exceed 2% of the proceeds of the sale of such series of Series 2010 Bonds, be and is hereby authorized and approved, and the Chair of the Board or the Executive Director of the Commission or his or her designee is authorized and directed to complete, execute and deliver the Purchase Contract in substantially such form, providing for the
sale of one or more series or subseries of Series 2010 Bonds not to exceed $350,000,000 in aggregate principal amount, 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 Chair of the Board or Executive Director of the Commission or his or her designee, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Contract.

Section 6. The Executive Director of the Commission is hereby authorized and directed to negotiate with bond insurance companies, and, if the Executive Director of the Commission, with the advice of Public Financial Management Inc. (the “Commission’s Financial Advisor”), determines that it is in the best interests of the Commission, to commit to purchase bond insurance for one or more maturities or series of the Series 2010 Bonds on such terms as the Executive Director of the Commission, with the advice of the Commission’s Financial Advisor, determines are appropriate.

Section 7. The Executive Director of the Commission is hereby authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the “Investment Agreement”) providing for the investment of moneys in any of the funds and accounts created under the Indenture or the Third Supplemental Indenture, on such terms as the Executive Director of the Commission shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the Commission hereby finds and determines that the purpose of the Investment Agreement is to reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Series 2010 Bonds or enhance the relationship between risk and return with respect to investments.

Section 8. The Executive Director of the Commission 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 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 credit documents, signature certificates, no-litigation certificates, tax certificates, letters of representation relating to book-entry registration, insurance agreements, reimbursement agreements, investment instructions, certificates concerning the contents of the Official Statement and the representations and warranties in the Purchase Contract and related agreements, and certificates, agreements or supplemental agreements relating to the retirement of all or a portion of the outstanding CP Notes, 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.

In the event the Chair or Secretary of the Board or Executive Director of the
Commission is unavailable to execute the documents authorized hereby, such documents may be
executed by the First Vice Chair of the Board or the Chief Deputy Executive Director or other
designee of the Executive Director, respectively.

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, including, without limitation, any amendment of any of the
documents authorized by this Resolution or related thereto, and any of the foregoing that may be
necessary or desirable in connection with any policy of bond insurance, any reserve facility, any
investment of proceeds of the Series 2010 Bonds, or in connection with any agreements with
paying agents, escrow agents, calculation agents or verification agents, may be given or taken by
the Executive Director of the Commission or his or her designee, 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 Executive Director of the Commission or his
or her designee is hereby authorized and directed to 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
Series 2010 Bonds are hereby ratified, confirmed and approved.
Section 12. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED on October 22, 2010, 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
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 October 22, 2010, of which meeting all of said directors of the Commission had due notice and at which a majority thereof were present and acting throughout;

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 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 ______ 2010.

[Seal]

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

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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 2010 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 2010 Series B Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is such interest included in adjusted current earnings in calculating corporate alternative minimum taxable income. Interest on the Series 2010 Bonds is exempt from State of California personal income taxes. Bond Counsel observes no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2010 Bonds. See “TAX MATTERS” herein.

$ * 
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS (LIMITED TAX BONDS)

S * 
TAXABLE BUILD AMERICA BONDS
2010 Series A

S * 
TAX-EXEMPT BONDS
2010 Series B

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 San Diego County Regional Transportation Commission (the “Commission”) will issue the Bonds described herein (the “2010 Series A Bonds,” and the “2010 Series B Bonds,” which shall collectively be referred to herein as the “Series 2010 Bonds”) pursuant to an Indenture, dated as of March 1, 2008 (as amended and supplemented, including by a First Supplemental Indenture, dated as of March 1, 2008 (the “First Supplemental Indenture”)), a Second Supplemental Indenture, dated as of July 1, 2008 (the “Second Supplemental Indenture”), and a Third Supplemental Indenture, dated as of October 1, 2010 (the “Third Supplemental Indenture”), collectively “the Indenture”), between the Commission and U.S. Bank National Association, as trustee.

The Series 2010 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 April 1, 1988; the Sales Tax is scheduled to expire on March 31, 2048. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS” herein.

Proceeds from the sale of the Series 2010 Bonds will be used by the Commission to (i) finance, refinance and/or reimburse the Commission for its prior payment of the Costs of the Project, including by retiring a portion of the principal amount of the Existing Notes and (ii) pay the costs of issuing the Series 2010 Bonds.

The Series 2010 Bonds will be dated their date of delivery. The principal amounts, interest rates, maturity dates, and other information relating to the Series 2010 Bonds are summarized in the Summary of Offering on the inside cover page. Investors may purchase Series 2010 Bonds in book-entry form only.

The Series 2010 Bonds are subject to mandatory sinking fund redemption by the Commission prior to maturity as described in this Official Statement. The Series 2010 Bonds also are subject to optional redemption or purchase by the Commission prior to maturity as described in this Official Statement.


The Series 2010 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 upon for the Commission by its General Counsel and by Nossaman LLP, Disclosure Counsel to the Commission, and for the Underwriters by their counsel, Nixon Peabody LLP. It is expected that the Series 2010 Bonds will be available for delivery on or about November, 2010.

BARCLAYS CAPITAL
DE LA ROSA & CO.
RBC CAPITAL MARKETS INC.
Dated: _____, 2010

GOLDMAN, SACHS & CO.
SIEBERT BRANDFORD SHANK & CO., LLC

*Preliminary, subject to change.
SUMMARY OF OFFERING

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

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MATURITY SCHEDULE FOR THE 2010 SERIES A BONDS

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 2010 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 Commission, the Underwriters 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 2010 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 2010 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. Preparation of this Official Statement and its distribution have been duly authorized and approved 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 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE-Definitions.”

In connection with the offering of the Series 2010 Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2010 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2010 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the Summary of Offering on the inside cover page and such public offering prices may be changed from time to time by the Underwriters.

**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 that 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, or events, conditions or circumstances on which such statements are based occur.
EARLY ACTION PROJECTS
September 2010

1. SR 76:
   Widen highway

2. SR 52:
   Widen and extend highway

3. Mid-Coast:
   Transit: Old Town-UCSD
   Transit: UTC Superloop

4. I-15:
   HOV/Express Lanes
   Transit: Escondido-Downtown
   Transit: Escondido-Sorrento Valley

5. I-805:
   HOV/Express Lanes
   Transit: Otay-Downtown
   Transit: Otay-Sorrento Valley

6. North Coast:
   I-5 HOV/Express Lanes
   Coastal rail double-tracking

7. SPRINTER:
   Oceanside-Escondido light rail

8. Blue and Orange Line Trolley:
   Low-floor vehicles
   Station upgrades

9. Mid-City:
   Transit: Downtown-SDSU

10. Goods Movement:
    South Line rail upgrades

11. SR 94 / SR 125:
    South to East Connector

Highway Projects
- Completed
- Under Construction
- Preliminary Engineering

Transit Projects
- Completed
- Under Construction
- Preliminary Engineering
- Light Rail Line

SANDAG
# SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

## BOARD MEMBERS

**CHAIR:** Hon. Lori Holt Pfeifer  
**FIRST VICE-CHAIR:** Hon. Jerome Stocks  
**SECOND VICE-CHAIR:** Hon. Jack Dale

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<td>Hon. Mary Teresa Sessom, Mayor</td>
<td>Hon. Pam Slater-Price, Chairwoman</td>
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<td>(A) Hon. Bud Lewis, Mayor</td>
<td>(A) Hon. Jerry Selby, Councilmember</td>
<td>(A) Hon. Greg Cox, Supervisor</td>
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<tr>
<td>(A) Hon. Ann Kalchin, Mayor Pro Tem</td>
<td>(A) Hon. Ron Roberts, Chair Pro Tem</td>
<td>Hon. Bill Horn, Vice Chairman</td>
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<td>Hon. Cheryl Cox, Mayor</td>
<td>Hon. Ron Morrison, Mayor</td>
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<tr>
<td>(A) Hon. Rudy Ramirez, Deputy Mayor</td>
<td>(A) Vacant</td>
<td>Cindy McKim, Director</td>
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<tr>
<td>(A) Hon. Steve Castaneda, Councilmember</td>
<td>(A) Hon. Rosalie Zarate, Councilmember</td>
<td>(A) Laurie Berman, District 11 Director</td>
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<tr>
<td>Hon. Carrie Downey, Councilmember</td>
<td>Hon. Jim Wood, Mayor</td>
<td>(Advisory Member)</td>
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<td>(A) Hon. Al Ovrom, Mayor Pro Tem</td>
<td>(A) Hon. Esther Sanchez, Councilmember</td>
<td>Harry Mathis, Chairman</td>
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<tr>
<td>(A) Hon. Michael Woiwode, Councilmember</td>
<td>(A) Hon. Charles “Chuck” Lowery, Councilmember</td>
<td>(A) Ron Roberts</td>
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<td>Hon. Crystal Crawford, Councilmember</td>
<td>Hon. Don Higginson, Mayor</td>
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<td>(A) Hon. Carl Hilliard, Councilmember</td>
<td>(A) Hon. Jim Cunningham, Councilmember</td>
<td>Hon. Bob Campbell, Chairman</td>
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<td>(A) Hon. Mark Fileane, Councilmember</td>
<td>(A) Hon. Carl Kruse, Deputy Mayor</td>
<td>(A) Hon. Carl Hilliard, Planning Committee Chair</td>
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<td>Hon. Mark Lewis, Mayor</td>
<td>Hon. Jerry Sanders, Mayor</td>
<td>Hon. Wally Leimgruber, District 5 Supervisor</td>
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<td>(A) Hon. Jillian Hanson-Cox, Councilmember</td>
<td>(A) Hon. Anthony Young, Councilmember</td>
<td>(A) Hon. David Ouzan, Councilmember, City of Calexico</td>
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<td>(A) Hon. Sherri Lightner, Councilmember</td>
<td>(A) Hon. Ben Hueso, Council President</td>
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<td>(A) Hon. Marti Enserald, Councilmember</td>
<td>(A) Hon. Todd Gloria, Councilmember</td>
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<td>Hon. Teresa Barth, Councilmember</td>
<td>Hon. Hal Martin, Vice Mayor</td>
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<tr>
<td>(A) Hon. Dan Dalager, Mayor</td>
<td>(A) Hon. Rebecca Jones, Councilmember</td>
<td>CAPT Keith Hamilton, USN, CEC,</td>
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<td>Hon. Lori Holt Pfeiler, Mayor</td>
<td>Hon. Jack Dale, Councilmember</td>
<td>(Advisory Member)</td>
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<td>(A) Hon. Sam Abed, Councilmember</td>
<td>(A) Hon. Hal Ryan, Councilmember</td>
<td>Scott Peters, Commissioner</td>
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<td>(A) Hon. John Minto, Councilmember</td>
<td>(A) Hon. Philip M. Tumminia, Commissioner</td>
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<td>Hon. Jim Janney, Mayor</td>
<td>Hon. Lesa Heebner, Deputy Mayor</td>
<td>(Advisory Member)</td>
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<td>(A) Patricia McCoy, Mayor Pro Tem</td>
<td>(A) Hon. Dave Roberts, Councilmember</td>
<td>Mark Muir, Director</td>
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<tr>
<td>(A) Hon. Jim King, Councilmember</td>
<td>(A) Hon. Mike Nichols, Councilmember</td>
<td>(A) Howard Williams, Director</td>
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<tr>
<td>(A) Hon. Tom Lucas, Councilmember</td>
<td>(A) Hon. Mike Nichols, Councilmember</td>
<td>(A) Gary Croucher, Director</td>
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<td>Hon. Art Madrid, Mayor</td>
<td>Hon. Judy Ritter, Mayor Pro Tem</td>
<td>(Advisory Member)</td>
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<td>(A) Hon. Mark Arapostathis, Councilmember</td>
<td>(A) Hon. Bob Campbell, Councilmember</td>
<td>Hon. Remedios Gómez-Arnau, Consul General of Mexico</td>
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<tr>
<td>(A) Hon. David Allan, Vice Mayor</td>
<td>(A) Hon. Steve Gronke, Councilmember</td>
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<td>(Advisory Member)</td>
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<tr>
<td>Hon. Edwin ‘Thorpe’ Romero, Barona Band of Mission Indians</td>
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<td>Hon. Allen Lawson, San Pasqual Band of Diegueno Indians</td>
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<td>(A) Denis Turner, SCTCA Executive Director</td>
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MANAGEMENT

EXECUTIVE DIRECTOR
Gary L. Gallegos

CHIEF DEPUTY EXECUTIVE DIRECTOR
Renee Wasmund

GENERAL COUNSEL
Julie Wiley

DIRECTOR OF MOBILITY MANAGEMENT AND PROJECT IMPLEMENTATION
Jim Linthicum

DIRECTOR OF FINANCE
Lauren Warrem

DIRECTOR OF LAND USE AND TRANSPORTATION PLANNING
Charles Stoll

TransNet AND LEGISLATIVE AFFAIRS PROGRAM DIRECTOR
Kim Kawada

FINANCIAL ADVISOR
Public Financial Management Inc.
Newport Beach, California

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

TRUSTEE
U.S. Bank National Association
Los Angeles, California
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| APPENDIX D  | BOOK-ENTRY ONLY SYSTEM |
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OFFICIAL STATEMENT

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

INTRODUCTION AND PURPOSE OF THE SERIES 2010 BONDS

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 $______* aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) (the “2010 Series A Bonds”) and 2010 Series B (Tax-Exempt Bonds) (the “2010 Series B Bonds” and, together with the 2010 Series A Bonds, the “Series 2010 Bonds”), consisting of 2010 Series A Bonds in the aggregate principal amount of $______* and 2010 Series B Bonds in the aggregate principal amount of $______*.

The Series 2010 Bonds are being issued pursuant to an Indenture, dated as of March 1, 2008, between the Commission and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by a First Supplemental Indenture, dated as of March 1, 2008, a Second Supplemental Indenture, dated as of July 1, 2008, and a Third Supplemental Indenture, dated as of October 1, 2010 (the “Third Supplemental Indenture”), each between the Commission and the Trustee. The Indenture, as so amended and supplemented and as further supplemented from time to time pursuant to its terms is hereinafter referred to as the “Indenture.” All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” or, if not defined therein, in the Indenture.

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 Commission’s debt issuing capacity and authority are separate and distinct from both the City of San Diego and the County of San Diego (the “County”).

The Series 2010 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 Sections 7251 and following), net of an administrative fee paid to the California State Board of Equalization (the “BOE”) in connection with the collection and disbursement of the Sales Tax. On November 3, 1987, a majority of the voters approved the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (as amended, the “1987 Ordinance”) which imposed the Sales Tax in the County for a twenty-year period. The Sales Tax was scheduled to expire on April 1, 2008. On November 2, 2004, more than two-thirds of the voters approved 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”) which provided for an extension of the Sales Tax through March 31, 2048. The Series 2010 Bonds are further secured by a pledge of certain amounts held by the Trustee under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS–Pledge of Sales Tax Revenues” herein.

*Preliminary, subject to change
The 2010 Series A Bonds are expected to be executed and delivered as bonds designated as “Build America Bonds” under the provisions of the American Recovery and Reinvestment Act of 2009. Interest on the 2010 Series A Bonds is not excluded from gross income for purposes of federal income taxation. See “TAX MATTERS.” With respect to the 2010 Series A Bonds, the Commission would expect to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on such 2010 Series A Bonds (the “Subsidy Payments”). 2010 Series A Bondholders will not receive a tax credit with respect to the 2010 Series A Bonds. The Commission has covenanted 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. The Commission is obligated to make all payments of principal and interest with respect to the 2010 Series A Bonds from the Sales Tax Revenues whether or not the Commission receives any Subsidy Payments. See “DESCRIPTION OF THE SERIES 2010 BONDS – Designation of 2010 Series A Bonds.”

Additional Bonds and other obligations secured by a pledge of the Sales Tax Revenues on a parity with the Series 2010 Bonds and the San Diego County Transportation Commission 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” and together with the Series 2010 Bonds and any Additional Bonds, the “Bonds”) may be issued or incurred. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – Additional Bonds and Parity Obligations” herein. The Series 2008 Bonds, the Series 2010 Bonds and any Additional Bonds hereafter authorized by, and at any time Outstanding under the Indenture, are referred to collectively herein as the “Bonds.” In 2005, the Commission authorized the issuance from time to time of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) (the “Existing Notes”) that are secured by a lien on the Sales Tax Revenues that is subordinate to the lien of the Bonds and Parity Obligations. The Existing Notes are currently authorized to be issued in an aggregate principal amount of up to $100,000,000 outstanding at any one time and, as of October 1, 2010, were outstanding in the aggregate principal amount of $47,316,000.

The Series 2008 Bonds are variable rate Bonds and were issued in March 2008 in the aggregate principal amount of $600,000,000. The Series 2008 Bonds initially bear interest at a Weekly Rate and have a maturity date of April 1, 2038.

In November, 2005, the Commission entered into three interest rate swap agreements in an initial aggregate notional amount of $600,000,000 (the “Initial Swaps”) pursuant to which the Commission agrees to pay to the counterparties a fixed rate of interest and the counterparties agree to pay the Commission a floating rate of interest. 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. Regularly scheduled payments on the Initial Swaps are payable on a parity with the Bonds.

In March, 2009, the Commission entered into two Securities Industry and Financial Markets Association (“SIFMA”) versus London Interbank Offered Rate (“LIBOR”) floating-to-floating swaps (the “Basis Rate Swap Overlays”), with initial notional amounts of $156,600,000 each. Under two of the Initial Swaps, the Commission pays the counterparties a fixed payment of 3.8165 percent and receives 65 percent of LIBOR (through April 2018) and thereafter receives the SIFMA index. Pursuant to the terms of the Basis Rate Swap Overlays of two of the Initial Swaps, the Commission agreed to pay to the counterparties a payment of the SIFMA index and the counterparties agreed to pay the Commission 107.4 percent of LIBOR, on the first day of each month, commencing May 1, 2018, for the last 20 years of two of the Initial Swaps.
The Commission will apply the proceeds of the Series 2010 Bonds to (i) finance, refinance and/or reimburse the Commission for its prior payment of the Costs of the Project, including by retiring a portion of the principal amount of the Existing Notes and (ii) pay the costs of issuing the Series 2010 Bonds. See “SUMMARY OF FINANCING PLAN.” The Commission reasonably expects to apply the proceeds of the Series 2010 Bonds to finance or refinance projects that include, but are not limited to, the projects included in the Commission’s TransNet Early Action Projects (the “TransNet EAP”, depicted in the map on page i), which includes various highway and transit improvements in the Interstates 5, 15, and 805 corridors; completion of the State Route 52 and 76 projects; implementation of the Mid-Coast Corridor, SuperLoop, 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 “Project”).

DESCRIPTION OF THE SERIES 2010 BONDS

General

The Series 2010 Bonds are being issued by the Commission pursuant to the Indenture and the Act. The Series 2010 Bonds will be dated their date of delivery and will mature on the dates and in the principal amounts shown in the Summary of Offering on the inside cover page of this Official Statement.

The Series 2010 Bonds will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2010 Bonds. Investors may purchase Series 2010 Bonds in book-entry form only. Beneficial Owners of the Series 2010 Bonds will not receive certificates representing their ownership interests in the Series 2010 Bonds purchased. Payments of principal and interest on the Series 2010 Bonds will be made to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Series 2010 Bonds is the responsibility of DTC’s Direct and Indirect Participants and not the Commission. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

The Commission will date the Series 2010 Bonds the date of their delivery. The Series 2010 Bonds will mature in the principal amounts in the years, and will bear interest at the respective rates of interest semiannually, all as set forth on the inside cover page hereof.

Interest on the Series 2010 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Commission will issue the Series 2010 Bonds as fully registered bonds in denominations of $5,000 or any integral multiple ther eof. The Commission will pay interest on the Series 2010 Bonds on April 1 and October 1 of each year, commencing on April 1, 2011.

Designation of 2010 Series A Bonds

The 2010 Series A Bonds are expected to be executed and delivered as bonds designated as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009, signed into law on February 17, 2009 (the “Recovery Act”). With respect to the 2010 Series A Bonds, the Commission would expect to receive a cash subsidy payment from the United States Treasury pursuant to the Recovery Act equal to 35% of the interest payable with respect to the 2010 Series A Bonds on or about each interest Payment Date. The Subsidy Payments do not constitute a full faith and credit guarantee of the United States, but are required to be paid by the Treasury under the Recovery Act. The Commission covenanted 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. The Commission is obligated to make all payments of principal and interest with respect to the 2010 Series A Bonds whether or not it receives Subsidy.
Payments pursuant to the Recovery Act. The Commission can give no assurances about future changes in legislation or Treasury regulations or the netting of other tax liabilities of the Commission against the expected Subsidy Payments which may affect the amount or timely receipt of such payments.

Redemption Terms of the Series 2010 Bonds

Optional Redemption of the 2010 Series A Bonds. The 2010 Series A Bonds shall be subject to redemption prior to their stated maturity date, at the option of the Commission, from any source of available funds, as a whole or in part on any date, at a Redemption Price equal to 100% of the principal amount of the 2010 Series A Bonds to be redeemed plus the Make-Whole Premium, if any, together with accrued interest to the date fixed for redemption. The Commission shall provide, or shall cause the Designated Banking Institution to provide, the Make-Whole Premium, if any, to the Trustee in writing.

Optional Redemption of the 2010 Series B Bonds. The 2010 Series B Bonds maturing after October 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 October 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.

Extraordinary Optional Redemption of the 2010 Series A Bonds. The 2010 Series A Bonds shall be subject to redemption prior to maturity at the option of the Commission upon the occurrence of a Tax Law Change, from any source of available funds, as a whole or in part, on any date, at a Redemption Price equal to 100% of the principal amount of 2010 Series A Bonds to be redeemed plus the Make-Whole Premium (using a discount rate equal to the Comparable Treasury Yield plus [___] basis points), if any, plus accrued interest to the date fixed for redemption. The Commission shall provide, or shall cause the Designated Banking Institution to provide, the Make-Whole Premium, if any, to the Trustee in writing.

Mandatory Redemption of 2010 Series A Bonds. The 2010 Series A Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2010 Series A Bonds, on each date a Mandatory Sinking Account Payment for such 2010 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 2010 Series A Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

<table>
<thead>
<tr>
<th>2010 Series A Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Redemption Date</strong></td>
</tr>
<tr>
<td><em>(April 1)</em></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>


redemption on a pro rata basis. In the event of any such pro rata redemption, the Trustee shall send DTC and the Commission written notice of such redemption in accordance with, and containing the information required by, DTC’s then-current operational arrangements for pro rata redemptions, not less than two Business Days prior to the payment date, which notice shall state that it relates to a “Pro Rata Pass-Through Distribution of Principal” (or such other notation as is required under the then-current operational arrangements of DTC). DTC will be responsible for distributing the principal, premium, if any, and accrued interest among the DTC participants, pro rata (subject to minimum Authorized Denomination restrictions) according to the beneficial interest in such 2010 Series A Bonds that DTC
records list as owned by each DTC participant as of the record date for such payment. In the event 2010 Series A Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under the Trust Agreement, or portions thereof, that are to be reduced as allocated to such redemption.

It is the Commission’s intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Commission and the Beneficial Owners be made on a pro rata basis as described above with respect to the 2010 Series A Bonds. However, neither the Commission nor the Underwriters can provide any assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2010 Series A Bonds on a pro rata basis as discussed above, then the 2010 Series A Bonds will be selected for redemption in accordance with DTC operational arrangements by lot or in such other manner as is in accordance with applicable DTC operational arrangements.

The Commission shall designate which maturities of any 2010 Series B Bonds are to be called for optional redemption pursuant to the Trust Agreement. If less than all 2010 Series B Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2010 Series B Bonds of such maturity date to be redeemed by lot and shall promptly notify the Commission in writing of the numbers of the 2010 Series B Bonds so selected for redemption. For purposes of such selection, 2010 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 2010 Series B Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under the Trust Agreement, or portions thereof, that are to be reduced as allocated to such redemption.

**Notice of Redemption.** The Trustee will send each notice of redemption by first class mail not less than 10 nor more than 90 days prior to the redemption date to DTC. 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 of Series 2010 Bonds will be governed by arrangements among them, and the Commission and the Trustee will not have any responsibility or obligation to send a notice of redemption except to DTC. Failure of DTC to receive any notice of redemption or any defect therein will not affect the sufficiency of any proceedings for redemption.

**Conditional Notice of Redemption; Rescission.** With respect to any notice of optional redemption of Bonds, unless, upon the giving of such notice, such 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 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 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.

In addition, 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 as described herein under “DESCRIPTION OF THE SERIES 2010 BONDS—General Redemption Provisions.”
Any optional redemption of the Series 2010 Bonds and notice thereof will be rescinded and cancelled pursuant to the provisions of the Indenture 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, interest and premium due on the Series 2010 Bonds called for 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 2010 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Series 2010 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 2010 Bonds so called for redemption shall cease to accrue, and said Series 2010 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of such Series 2010 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 2010 Bonds redeemed pursuant to the provisions described herein shall be cancelled upon surrender.
DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the Series 2008 Bonds and the Series 2010 Bonds.

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Principal Amount (¹)</th>
<th>Interest Amount (²)</th>
<th>Combined Annual Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Series 2010 Bonds</td>
<td>Series 2010 Bonds</td>
<td>Series 2010 Bonds</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(¹) Includes Mandatory Sinking Account Payments.
(²) 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%.
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS

Pledge of Sales Tax Revenues

The Bonds are limited obligations of the Commission and are payable as to principal and interest exclusively from Revenues, consisting of Sales Tax Revenues and Swap Revenues, and from all amounts, including proceeds of the Bonds, held in the funds and accounts established under the Indenture (other than the Rebate Fund, any Letter of Credit Accounts and any Purchase Fund established for Bonds subject to purchase), subject to certain provisions of the 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 the Board of Equalization (the “BOE”) for costs and expenses for its services in connection with the Sales Tax. For a general discussion of the Sales Tax, see “THE SALES TAX.” For a discussion of the historical Sales Tax Revenues, see “THE SALES TAX—Historical Sales Tax Revenues.”

The Indenture provides that the pledge of Revenues for the payment of the Bonds, and any debt or other obligations of the Commission payable from Sales Tax Revenues on a parity with the 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 Bonds or Parity Obligations, without the need for any physical delivery, recordation, filing or further act.


Revenue Fund; Allocation of Sales Tax Revenues

As long as any Bonds are Outstanding or any Parity Obligations remain unpaid, the Commission has assigned the Sales Tax Revenues to the Trustee and shall cause the BOE to transmit the same directly to the Trustee each month, net of the BOE administrative fee which is deducted quarterly. The Trustee will forthwith deposit all Sales Tax Revenues in the Revenue Fund, maintained and held in trust by the Trustee, when and as such Sales Tax Revenues are received by the Trustee. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.” The Sales Tax Revenues are to be received and held in trust by the Trustee for the benefit of the Holders of the 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 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.

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 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 rate Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding variable rate bonds calculated, or 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 bonds 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 – “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 the 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.

In the event that 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 (i) money sufficient to pay 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 – “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 – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.”

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 back to the Trustee.

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 – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues” for a more complete discussion.

After making the foregoing allocations, all Sales Tax Revenues will be transferred to the Commission and may be applied by the Commission for all lawful purposes of the Commission.

Reserve Fund

Pursuant to the Indenture, there has been established the 2008 Bonds Reserve Fund to be maintained by the Trustee as a pooled reserve fund to provide for a reserve fund for the 2008 Reserve Fund Eligible Bonds. The “2008 Reserve Fund Eligible Bonds” are the 2008 Bonds and any other Series of additional Bonds or Refunding Bonds or portions thereof (in each case, payable on a parity with the 2008 Bonds from, and secured as to payment on a parity with the 2008 Bonds by, the Revenues and other funds described in Article V of the Indenture) issued and designated, by a Supplemental Indenture
adopted by the Commission, to be secured by and entitled to the pledge and benefit of the 2008 Bonds Reserve Fund; provided, that no Bond or Series of Bonds shall be designated unless, upon the issuance of such Bond or Series of Bonds and after giving effect to such issuance, the amount then on deposit in the 2008 Bonds Reserve Fund will be at least equal the 2008 Bonds Reserve Requirement. The Series 2010 Bonds have been designated 2008 Reserve Fund Eligible Bonds.

All amounts in the 2008 Bonds Reserve Fund (including all amounts that may be obtained from any Reserve Facility on deposit in the 2008 Bonds Reserve Fund) shall be used and withdrawn by the Trustee solely: (i) for the purpose of making up any deficiency in the Interest Fund or the Principal Fund relating to the 2008 Reserve Fund Eligible Bonds; or (ii) together with any other moneys available therefore, (x) for the payment of all of the 2008 Reserve Fund Eligible Bonds then Outstanding, (y) for the defeasance or redemption of all or a portion of the 2008 Reserve Fund Eligible Bonds then Outstanding, provided, however, that if funds on deposit in the 2008 Bonds Reserve Fund are applied to the defeasance or redemption of a portion of the 2008 Reserve Fund Eligible Bonds, the amount on deposit in the 2008 Bonds Reserve Fund immediately subsequent to a partial defeasance or redemption shall equal the 2008 Bonds Reserve Requirement applicable to all 2008 Reserve Fund Eligible Bonds Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the 2008 Reserve Fund Eligible Bonds. Any amounts on deposit in the 2008 Bonds Reserve Fund in excess of the 2008 Bonds Reserve Requirement shall be transferred to the Commission on April 1 of each year. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Establishment of Funds and Accounts – Funding and Application of the 2008 Bonds Reserve Fund; Bond Reserve Requirement for the 2008 Reserve Fund Eligible Bonds.”

Outstanding Sales Tax Revenue Bonds

In March, 2008, the Commission issued the Series 2008 Bonds in the aggregate principal amount of $600,000,000. The Series 2008 Bonds initially bear interest at a Weekly Rate. Under the terms of the Indenture, the interest payable on the Series 2008 Bonds may be converted to another Interest Rate Determination Method, including to a fixed rate at the option of the Commission and in accordance with the requirements of the Indenture. If the Interest Rate Determination Method is changed, then there could be an increase in the amount of interest paid on the 2008 Series Bonds by the Commission.

Additional Bonds and Parity Obligations

The only outstanding obligations secured by Sales Tax Revenues are the Series 2008 Bonds, the Initial Swaps, the 2008 Liquidity Facilities, the Basis Rate Swap Overlays, and the Existing Notes. The Commission may issue Additional 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 Bonds and the regularly scheduled payments on the Initial Swaps and any other Interest Rate Swap Agreements, subject to compliance with the terms and provisions set forth in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Issuance of Additional Bonds and Other Obligations.”

Issuance of Additional Series of Bonds. The Commission may by Supplemental Indenture establish one or more Series of Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2010 Bonds and Series 2008 Bonds, 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 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 be increased, forthwith upon the receipt of the proceeds of the sale of Bonds of such Series, to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by such Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds, the supplemental indenture providing for the issuance of such additional Series of Bonds shall require deposit of the amount necessary. Said deposit may be made from the proceeds of the sale of 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 – “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 Bonds will become outstanding was equal to at least 1.3 times Maximum Annual Debt Service on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of 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 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 held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or from Subsidy Payments.

Nothing in the Indenture will prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Bonds from 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 Bonds or any portion thereof.

**Issuance of Refunding Bonds.** Refunding Bonds may be authorized and issued by the Commission 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.

**Parity Obligations.** 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 that secures the Bonds, Parity Obligations and payment of principal and interest on Subordinate Obligations) entered into in connection with a Series of 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 Bonds (whether or not any Bonds are Outstanding). The Commission may issue or incur additional Parity Obligations that 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 subsection (c) above under the caption “Issuance of Additional Series of Bonds,” unless such Parity Obligations are being issued for refunding purposes, in which case the coverage test shall not apply.

**Interest Rate 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. The Initial Swaps were effective as of April 1, 2008 and the notional amounts amortize in tandem with the amortization of the Series 2008 Bonds. 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. The Commission’s obligation to make regularly scheduled payments of interest to the counterparties under the Initial Swaps is payable from and secured by Sales Tax Revenues on a parity basis with the Series 2010 Bonds. Under certain circumstances, 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 that secures the Series 2008 Bonds, the Series 2010 Bonds, Parity Obligations and Subordinate Obligations, including the Existing Notes. The names of 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:

<table>
<thead>
<tr>
<th>Name of Counterparty</th>
<th>Fixed Rate of Interest</th>
<th>Floating Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America, N.A.</td>
<td>3.4100%</td>
<td>65% of USD One-Month LIBOR</td>
</tr>
<tr>
<td>Goldman Sachs Mitsui Marine Derivative Projects, L.P.</td>
<td>3.8165%</td>
<td>65% of USD One-Month LIBOR until April 1, 2018; USD SIFMA Swap Index thereafter</td>
</tr>
<tr>
<td>Merrill Lynch Capital Services Inc.</td>
<td>3.8165%</td>
<td>65% of USD One-Month LIBOR until April 1, 2018; USD SIFMA Swap Index thereafter</td>
</tr>
</tbody>
</table>

**Basis Rate Swap Overlays to the Interest Rate Swaps.** In March 2009, the Commission entered into a SIFMA versus LIBOR floating-to-floating or “basis” swaps, with initial notional amounts for two of the swaps of $156,600,000 each. Under two of the Initial Swaps, the Commission pays the counterparties a fixed payment of 3.8165 percent and receives 65 percent of LIBOR (through April 2018) and thereafter receives the SIFMA index. Pursuant to the terms of the Basis Rate Swap Overlays of two of the Initial Swaps, the Commission agreed to pay to the counterparties a payment of the SIFMA index and the counterparties agreed to pay the Commission 107.4 percent of LIBOR, on the first day of each month, commencing May 1, 2018, for the last 20 years of two of the Initial Swaps. The Commission’s obligation to make regularly scheduled payments of interest to the counterparties under the Basis Rate Swap Overlays is payable from and secured by Sales Tax Revenues on a parity basis with the Series 2010 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. 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 Series 2008 Bonds, the Series 2010 Bonds, Parity Obligations and Subordinate Obligations, including the Existing Notes. Barclays Bank PLC is the Basis Rate Swaps Overlay counterparty.

**2008 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, the Commission and the Trustee (the “JPMorgan Liquidity Facility”). The JPMorgan Liquidity Facility was renewed for two one-year terms in March 2009 and March 2010 and will expire on March 26, 2011, prior to the final maturity of the 2008 Series A Bonds and 2008 Series B Bonds, unless extended or terminated in accordance with its terms.

The 2008 Series C Bonds and the 2008 Series D Bonds are supported by a Standby Bond Purchase Agreement by and among Dexia Crédit Local, the Commission and the Trustee (the “Dexia Liquidity Facility”). The Dexia Liquidity Facility will expire on March 26, 2013, prior to the final maturity of the 2008 Series C Bonds and 2008 Series D Bonds, unless extended or terminated in accordance with its terms. Dexia Crédit Local has notified the Commission that it will not extend the Dexia Liquidity Facility. The Commission is required under the Indenture to provide a Liquidity Facility for the Series 2008 Bonds so long as they bear interest at the Weekly Rate.

During its term each Liquidity Facility will provide funds for the purchase of the Series 2008 Bonds to which it relates, that are delivered to the Trustee but not remarketed by the applicable Remarketing Agent. The Commission has the right and may elect to terminate each Liquidity Facility in its discretion.

Under certain circumstances, each 2008 Liquidity Facility may be extended, reduced, adjusted or terminated, as described thereunder.

**Subordinate Obligations**

Except to the extent restricted by the Indenture, the Commission may issue or incur obligations (“Subordinate Obligations”) payable out of 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. The Commission’s Subordinate Obligations currently consist of the Existing Notes. Any termination payments under the Commission’s Initial Swaps and Basis Rate Swap Overlays and fees and expenses due under the 2008 Liquidity Facilities are payable on a basis subordinate to the Subordinate Obligations.

**Remarketing Agents**

The Remarketing Agent for the 2008 Series A Bonds is Barclays Capital Inc., the Remarketing Agent for the 2008 Series B Bonds is Goldman, Sachs & Co., the Remarketing Agent for the 2008 Series C Bonds is J.P. Morgan Securities Inc. and the Remarketing Agent for the 2008 Series D Bonds is De La Rosa & Co. (each a “Remarketing Agent” and collectively the “Remarketing Agents”). The Commission has entered into a Remarketing Agreement covering the applicable Series of the Series 2008 Bonds with the Remarketing Agent for such Series.

Each Remarketing Agent undertakes, among other things, to use its best efforts to remarket Series 2008 Bonds for which it is the Remarketing Agent that are tendered for purchase. Each Remarketing Agent also undertakes to set the interest rate on the Series 2008 Bonds for which it is the Remarketing
Agent. In the event there is a failure on the part of the Remarketing Agents to remarket the Series 2008 Bonds, pursuant to the 2008 Liquidity Facilities, the Trustee may call on the Standby Bond Purchase Agreement to purchase the Series 2008 Bonds that have not been remarketed (the “Bank Bonds”) and the Bank Bonds will bear interest at the Bank Bond Rate, which could be substantially higher than the Weekly Rate.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

General

The Commission was organized 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”). Pursuant to the provisions of the Act, the Board of Directors of the Commission is composed of the Board of Directors of the San Diego Association of Governments (“SANDAG”). On January 1, 2003, state legislation (Senate Bill 1703) took effect, which changed the structure of SANDAG from a Joint Powers Authority to a state-created regional government agency with a Board of Directors consisting of voting representatives from the County of San Diego, California, and the eighteen cities within the County. 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. Senate Bill 1703 also 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. This consolidation was substantially completed in October 2003.

As set forth in the Act, the Commission is responsible for providing improvements to the transportation system and other public infrastructure systems in San Diego County. To carry out this responsibility, the Commission adopted in 1987 the initial San Diego Transportation Improvement Program Ordinance (Commission Ordinance 87-1 – Proposition A, 1987). In 2004, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (Commission Ordinance 04-01), hereinafter referred to as the “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. The 1987 Ordinance and the Extension Ordinance each outline a series of projects (herein referred to as the “Expenditure Plan”) to be implemented during the term of the sales tax measure. In connection with implementing the Expenditure Plan, the Commission has adopted and updated a series of plans of finance (the “Plan of Finance”), which describe the types of projects that are to be cash financed and the types of projects that are to be debt financed and the projected timing and amounts of such financing. On July 23, 2010, the Commission approved the 2010 TransNet Plan of Finance update which incorporates a “robust” financial scenario that continues to advance to construction several projects in the Commission’s TransNet Early Action Program (the “TransNet EAP”). The TransNet EAP (depicted in the map on page i) includes various highway and transit improvements in the Interstates 5, 15, and 805 corridors; completion of the State Route 52 and 76 projects; implementation of the Mid-Coast Corridor, SuperLoop, 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.

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 is set forth below.
Gary L. Gallegos, Executive Director. Mr. Gallegos serves as SANDAG’s chief executive officer and the secretary of the Board of Directors of both SANDAG and the Commission. He is responsible for the overall management of SANDAG and the Commission, including execution of its operational policies and procedures, the Board approved budget, and all personnel decisions. Mr. Gallegos was appointed by the SANDAG Board to his present position in 2001. Prior to joining SANDAG, Mr. Gallegos held the position of District Director for Caltrans District 11, encompassing San Diego and Imperial Counties. Mr. Gallegos holds a B.S. degree in Civil Engineering from the University of New Mexico and is a registered civil engineer.

Renee Wasmund, Chief Deputy Executive Director. Ms. Wasmund’s major responsibilities include managing the ongoing operations of SANDAG, as well as overseeing the operations of the Administration, Finance, Land Use and Transportation Planning, Mobility Management and Project Implementation, and Technical Services Departments. Ms. Wasmund also works with other local, regional, state, and federal agencies on regional planning, programming and implementation issues and works with local, state and federal elected officials to implement public policy. Ms. Wasmund transferred to SANDAG from MTS in 2003 as a result of the consolidation of certain regional transportation functions into SANDAG. Before being named Chief Deputy Executive Director, Ms. Wasmund served as the Director of Finance for SANDAG and the Commission. She was at MTS for 13 years, serving as the Director of Finance and Administration for ten of those years. Ms. Wasmund is a graduate of the University of Central Florida and is a Certified Public Accountant.

Julie Wiley, General Counsel. Julie Wiley was appointed General Counsel for SANDAG and the Commission in September 2005. Ms. Wiley was originally hired by SANDAG as Deputy General Counsel in January 2001. Between 1995 and 2001, Ms. Wiley worked for private sector law firms in Colorado and California as a litigator and advisor for corporations and public sector clients. Ms. Wiley holds a Bachelors degree from the University of California, San Diego and a Juris Doctorate from the University of Denver.

Lauren Warrem, Director of Finance. Ms. Warrem serves as the chief financial officer and directs all financial and programming functions for SANDAG and the Commission. Ms. Warrem transferred to SANDAG from MTS in 2003 as a result of the consolidation of certain regional transportation functions into SANDAG. Before being named Director of Finance, Ms. Warrem served as the Finance Manager for SANDAG for six years. She was at MTS for two years, serving as the Finance Manager and previously worked for KPMG, LLP, a certified public accounting firm. Ms. Warrem holds a B.S. degree in Accounting from Baker University and is a Certified Public Accountant.

Jim Linthicum, Director of Mobility Management and Project Implementation. Mr. Linthicum is directly responsible for the implementation of all TransNet and capital improvement projects under the control of the Commission. He is accountable for the scope, schedule, and cost of regional transportation projects and coordinates these efforts with federal, state, and local transportation agencies. Mr. Linthicum transferred to SANDAG from MTS in 2003 as a result of the consolidation of project development and construction functions into SANDAG. Prior to his employment at MTS Mr. Linthicum worked for the California Department of Transportation for 23 years. Mr. Linthicum holds a B.S. degree in Civil Engineering from Pennsylvania State University.

Charles “Muggs” Stoll, Director of Land Use and Transportation Planning. Mr. Stoll is responsible for development and implementation of SANDAG’s Regional Comprehensive Plan and Regional Transportation Plan and oversees planning and project development activities in the areas of transportation, public transit, land use, public facilities, environmental management, and interregional and binational collaboration. Mr. Stoll joined SANDAG in April 2007 after spending more than 20 years with the California Department of Transportation at its San Diego District Office where he gained
experience in many functional units. His career involved primarily project development functions, including assignments in construction as a Resident Engineer, Project Director with responsibility for all phases of development of the proposed tollway portion of future State Route 125 (South Bay Expressway), Deputy District Director of the Environmental Division, the District’s Capital Program Chair Deputy, and an eight-week acting assignment as the Chief of Staff to the Director in Sacramento, CA. Mr. Stoll received a Bachelor of Science (B.S.) degree in Civil Engineering in 1983 and a Master’s degree in Business Administration (M.B.A.) in 1985. Both degrees were earned at San Diego State University. He has been a Registered Engineer in the State of California since 1988.

**Marney P. Cox, Chief Economist.** Mr. Cox specializes in regional economies and works with a team of professionals to produce SANDAG’s regional growth forecasts. These forecasts are adopted by each jurisdiction in the San Diego region and used widely for planning purposes. Mr. Cox’s additional responsibilities include maintaining the San Diego region’s Economic Prosperity Strategy, performing financial and risk analysis for transportation and other public infrastructure projects, and evaluating the fiscal consequences of alternative regional growth management polices. Mr. Cox joined SANDAG in 1979 as a Research Analyst responsible for SANDAG econometric and statistical growth allocation models and served as Municipal Finance Specialist and Senior Regional Planner before being promoted to his current position in 1986. Mr. Cox holds both graduate and undergraduate degrees in economics from San Diego State University, with an emphasis in public finance, urban economics and econometrics.

**Kim Kawada, TransNet and Legislative Affairs Program Director.** Ms. Kawada manages and directs the operations of the SANDAG TransNet program and federal and state legislative affairs, and oversees the Board of Directors and Policy Advisory Committee agendas. She has been involved in a number of significant transportation and planning initiatives in the San Diego region. She spearheaded the development of several of the agency’s Regional Transportation Plans. She also worked with local, state, and federal officials to launch the first-ever high occupancy toll lanes that charge solo drivers a fee to use carpool lanes. She was responsible for the team that developed the first Regional Comprehensive Plan, a long-range planning framework for the San Diego region. She has worked at SANDAG for 15 years and previously worked for the City of Laguna Niguel. She is a graduate of Brown University with a Bachelors of Arts in American History.

**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 County 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 BOE. The BOE, after deducting a fee for administering the Sales Tax, remits the remaining Sales Tax Revenues to the Trustee 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 Existing Notes. After payment of debt service requirements on the Subordinate Obligations, any remaining unapplied Sales Tax Revenues are then remitted to the Trustee. The fee charged by the BOE is determined by the BOE pursuant to statute. The fee charged by the BOE to the Commission for Fiscal Year 2009-10 for collection of the Sales Tax was $2,466,890. The fee that the BOE is authorized to charge for collection of the Sales Tax is determined by state legislation; there can be no assurances that the amount of this fee or the method for determining the amount of the fee will be the same. This fee may be increased or decreased by legislative action.

The Sales Tax is in addition to a eight and one quarter percent sales and use tax currently levied statewide by the State of California. The current statewide sales and use tax includes a one percent increase that was effective April 1, 2009 and is presently scheduled to expire on June 30, 2011. 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 California 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 California for use within the State, subject to certain exceptions. 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 ‘Proposition 218 ’ below.

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.

Historical Taxable Sales

For information concerning historical taxable sales in the County, see the table entitled “County of San Diego, Taxable Sales Transactions” in Appendix B – “INFORMATION REGARDING THE COUNTY OF SAN DIEGO.”

Historical Sales Tax Revenues

The Commission began receiving distributions of the Sales Tax from the BOE in June, 1988. The following table shows the Sales Tax remitted to the Commission during the fiscal years ended June 30, 1989 through June 30, 2010.
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
HISTORICAL SALES TAX REVENUES

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Actual ½% Sales Tax Revenues (1)</th>
<th>% Change From Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>$ 95,691,042</td>
<td>18.9%</td>
</tr>
<tr>
<td>1990</td>
<td>113,758,624</td>
<td>18.9%</td>
</tr>
<tr>
<td>1991</td>
<td>109,806,529</td>
<td>(3.5)</td>
</tr>
<tr>
<td>1992</td>
<td>106,105,958</td>
<td>(3.4)</td>
</tr>
<tr>
<td>1993</td>
<td>111,783,116</td>
<td>5.4</td>
</tr>
<tr>
<td>1994</td>
<td>111,461,846</td>
<td>(0.3) (2)</td>
</tr>
<tr>
<td>1995</td>
<td>114,303,387</td>
<td>2.5</td>
</tr>
<tr>
<td>1996</td>
<td>123,511,934</td>
<td>8.1</td>
</tr>
<tr>
<td>1997</td>
<td>131,592,528</td>
<td>6.5</td>
</tr>
<tr>
<td>1998</td>
<td>145,754,155</td>
<td>10.8</td>
</tr>
<tr>
<td>1999</td>
<td>156,909,677</td>
<td>7.7</td>
</tr>
<tr>
<td>2000</td>
<td>172,274,619</td>
<td>9.8</td>
</tr>
<tr>
<td>2001</td>
<td>189,795,888</td>
<td>10.2</td>
</tr>
<tr>
<td>2002</td>
<td>192,836,199</td>
<td>1.6</td>
</tr>
<tr>
<td>2003</td>
<td>200,600,386</td>
<td>4.0</td>
</tr>
<tr>
<td>2004</td>
<td>213,230,634</td>
<td>6.3</td>
</tr>
<tr>
<td>2005</td>
<td>228,562,785</td>
<td>7.2</td>
</tr>
<tr>
<td>2006</td>
<td>243,317,789</td>
<td>6.5</td>
</tr>
<tr>
<td>2007</td>
<td>247,924,304</td>
<td>1.9</td>
</tr>
<tr>
<td>2008</td>
<td>244,406,219</td>
<td>(1.4)</td>
</tr>
<tr>
<td>2009</td>
<td>221,991,360</td>
<td>(9.2)</td>
</tr>
<tr>
<td>2010</td>
<td>204,191,747</td>
<td>(8.0) (3)</td>
</tr>
</tbody>
</table>

Source: The Commission.
(1) Net of BOE administrative fee.
(2) Reflects, in part, effect of increase in BOE administration fee in 1994.
(3) Unaudited.
Source: San Diego County Regional Transportation Commission.

Annual Sales Tax Revenues for the Fiscal Year ended June 30, 2010 (“Fiscal Year 2010”) totaled $204,191,747. These Sales Tax Revenues are anticipated to equal at least [____] times Maximum Annual Debt Service on the Series 2008 Bonds and the Series 2010 Bonds assuming such Maximum Annual Debt Service amounts as shown in the table “DEBT SERVICE SCHEDULE” herein. Sales Tax receipts have declined in each Fiscal Year since the Fiscal Year ended June 30, 2007, and Sales Tax receipts for Fiscal Year 2010 are 8.0% less than the sales tax receipts for the prior Fiscal Year. This decline is consistent with what is being experienced at the state and national level with regard to sales tax receipts for this period. Although there can be no assurances if and when Sales Tax receipts will begin to increase, it is anticipated that such an increase may have begun during the second half of Fiscal Year 2010. Half-way through Fiscal Year 2010 sales tax receipts were down 15% from the same period during the previous year. Sales tax receipts received during the second half of Fiscal Year 2010 made up for some of the decline recorded during the first half of the Fiscal Year, resulting in a decline of 8% for the entire Fiscal Year. This trend of slow, tepid growth is expected to continue into the Fiscal Year ending June 30, 2011.
SUMMARY OF FINANCING PLAN

The Commission has previously issued the Existing Notes, which, as of October 1, 2010, are outstanding in the aggregate principal amount of $41,316,000. Proceeds of the issuance of the Series 2010 Bonds will be set aside to retire $7,316,000 outstanding Existing Notes. Proceeds from the sale of the Series 2010 Bonds will also be used by the Commission to (i) finance, refinance and/or reimburse the Commission for its prior payment of the Costs of the Project and (ii) pay the costs of issuing the Series 2010 Bonds. Transportation projects that may be financed or refinanced with the proceeds of the Series 2010 Bonds include, but are not limited to, the projects included in the Commission’s TransNet EAP (depicted in the map on page i), which includes various highway and transit improvements in the Interstates 5, 15, and 805 corridors; completion of the State Route 52 and 76 projects; implementation of the Mid-Coast Corridor, SuperLoop, 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.

Estimated Sources and Uses of Funds

The following are the estimated sources and uses of funds with respect to the Series 2010 Bonds:

**SOURCES:**
Principal Amount

**TOTAL SOURCES**

**USES:**
Project Fund
Payment of Existing Notes [7,316,000]

Costs of Issuance\(^{(1)}\)

**TOTAL USES**

\(^{(1)}\) Costs of issuance include rating agency, legal and financial advisory fees and printing costs and expenses; Underwriters’ discount; fees of the trustee; and other miscellaneous expenses.

Anticipated Issuances of Additional Bonds

The Commission anticipates issuing additional Bonds, in addition to the Series 2010 Bonds offered hereby, to fund transportation projects authorized under the Expenditure Plan. Furthermore, the Commission is authorized to issue up to $100 million of Existing Notes.

The principal amount of additional Bonds or other financing instruments to be subsequently issued by the Commission and the timing of any such issuance or issuances will be determined by the Commission based on a variety of factors including the costs and timing of design and construction of the transportation projects to be financed and the resources then available. The issuance of additional Bonds is subject to the requirements of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS—Additional Bonds and Parity Obligations.”

COMMISSION INVESTMENT PORTFOLIO

Funds of the Commission are invested pursuant to an investment policy adopted by the Commission Board of Directors, 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 (California
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, certain bankers acceptances, certain corporate commercial paper of prime quality, certificates of deposit (negotiable and non-negotiable), certain medium term corporate notes, certain shares of beneficial interest in diversified management companies (mutual funds), the State’s local agency investment fund, the San Diego County local agency investment fund, certain 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, financial futures, option contracts, 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) 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 described above (except that the Trustee is permitted to invest a greater percentage of funds in mutual funds and a single mutual fund than the investment policy would otherwise permit).

The Commission’s primary investment strategy is to purchase investments with the intent to hold them to maturity. However, the Commission may sell an investment prior to maturity to avoid losses to the Commission resulting from further erosion of the market value of such investment or to meet operation or project liquidity needs.

The value of the various investments in the portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Further, such values may vary based on credit quality, ratings, or other factors. Therefore, there can be no assurance that the values of the various investments in the portfolio will not vary significantly from the values described below. Further, the values specified in the following tables were based upon estimates of market values provided to the Commission by a third party as of June 30, 2010. Accordingly, there can be no assurance that if these securities had been sold on June 30, 2010, 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. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE Definitions.”

As of June 30, 2010, the average maturity of the Commission’s portfolio was 259 days, with an average yield of approximately 1.26%.
## COMMISSION INVESTMENT PORTFOLIO INFORMATION

as of June 30, 2010

<table>
<thead>
<tr>
<th>Investments</th>
<th>Percent of Portfolio</th>
<th>Par Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash or Cash Equivalents</td>
<td>39%</td>
<td>$191,303,200</td>
<td>$190,768,248</td>
</tr>
<tr>
<td>State of California Local Agency Investment Fund</td>
<td>10</td>
<td>49,293,604</td>
<td>49,374,632</td>
</tr>
<tr>
<td>San Diego County Treasurer’s Pooled Money Fund</td>
<td>7</td>
<td>34,491,765</td>
<td>34,688,765</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>44</td>
<td>216,806,903</td>
<td>214,695,073</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td><strong>100%</strong></td>
<td><strong>$491,895,472</strong></td>
<td><strong>$489,526,718</strong></td>
</tr>
</tbody>
</table>

Source: The Commission.

## RISK FACTORS

### Economy of the County and the State

The Series 2010 Bonds are secured by a pledge of Sales Tax Revenues, which consist of the Sales Tax less an administrative fee paid to the BOE. 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. The economy of the County is in a recession as evidenced by a decrease in Sales Tax Revenues, an increased unemployment rate, a probable decrease in total personal income and taxable sales, a drop in residential building permits, a decline in the rate of home sales and the median price of single-family homes and condominiums, an increase in notices of default on mortgage loans secured by homes and condominiums and an increase in foreclosures resulting from such defaults. The current domestic and international recession has had and may continue to have negative repercussions upon the County, State, national and global economies, including reduced revenues for government, increased unemployment, a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, reduced business activity, increased consumer bankruptcies, and increased business failures and bankruptcies. On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (“ARRA”). This $787 billion economic stimulus measure is a combination of tax cuts and government spending on public works projects, education, health care, energy and technology. Congress, the Federal Reserve Board and other agencies of the federal government and foreign governments have taken various actions that are designed to enhance liquidity, improve the performance and efficiency of credit markets and generally stabilize securities markets and stimulate spending. There can be no assurance these actions will be effective. As a result, any substantial deterioration in the level of economic activity within the County or in the State could have a material adverse impact upon the level of Sales Tax Revenues and therefore
upon the ability of the Commission to pay principal of and interest on the Series 2010 Bonds. For information relating to current economic conditions within the County and the State see APPENDIX B - “INFORMATION REGARDING THE COUNTY OF SAN DIEGO.”

The Sales Tax

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within 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. For a further description of the Sales Tax, see “THE SALES TAX.”

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 XIIIC and XIIID to the California Constitution. Article XIIIC 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. The extension of the Sales Tax in 2004 received the approval of more than 2/3 of the voters as required by Article XIIIC. However, Article XIIIC 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 2010 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 California’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.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2010 Bonds in the event of a default in the payment of principal and interest on the Series 2008 Bonds when due. In the event of a default by the Commission, each Holder of a Series 2010 Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture.” See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Loss of Tax Exemption

As discussed under “TAX MATTERS,” interest on the 2010 Series B Bonds could become includable in federal gross income, possibly from the date of issuance of the 2010 Series B Bonds, as a result of acts or omissions of the Commission subsequent to the issuance of the Series 2010 B Bonds. Should interest become includable in federal gross income, the 2010 Series B Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.
Risks Relating to Build America Bonds

The Commission must comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) in order for the 2010 Series A Bonds to be treated as qualified bonds and to continue to be eligible for the Subsidy Payments. The Commission has covenanted to comply with each of these requirements. However, failure by the Commission to comply with these requirements may result in a delay or forfeiture of all or a portion of the Subsidy Payments and may cause the 2010 Series A Bonds to cease to be treated as qualified bonds either prospectively from the date of determination of a failure to comply with the requirements or retroactively to the date of execution and delivery of the 2010 Series A Bonds. Should such an event occur, the 2010 Series A Bonds are not subject to extraordinary redemption and will remain outstanding until maturity or earlier optional or mandatory sinking fund redemption. No holder of a 2010 Series A Bond will be entitled to a tax credit with respect to the 2010 Series A Bonds. In the event the Commission is not eligible for the Subsidy Payments, under the terms of the Indenture the Commission has pledged Sales Tax Revenues and is obligated to pay principal and interest on the Series 2010 Bonds.

In addition, it is important to note that Build America Bonds are a new product introduced by ARRA. As such, the Commission can provide no assurance that future legislation or clarifications or amendments to the Code, if enacted into law, or future court decisions will not reduce or eliminate the refundable credits with respect to the 2010 Series A Bonds. In such event, the 2010 Series A Bonds would be subject to redemption prior to their maturity. The refundable credits do not constitute a full faith and credit guarantee of the United States government, but are required to be paid by the Treasury under ARRA. Accordingly, no assurance can be given that the Treasury will make payment of the Subsidy Payments in the amounts that the Commission expects to receive, or that such payments will be made in a timely manner. If the Commission is obligated to issue refunding obligations in order to redeem the 2010 Series A Bonds prior to their maturity, the Commission would be subject to the various risks attendant to issuance of refunding obligations, including higher-than-desired interest rates and duplicative transaction costs.

Parity with Variable Rate Bonds

The Series 2008 Bonds are variable rate bonds issued on parity with the Series 2010 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. In the event of a failure to remarket the Series 2008 Bonds, the Series 2008 Bonds shall be purchased pursuant to the Liquidity Facilities, in which event the Series 2008 Bonds could bear interest at materially higher rates. Furthermore, in the event of an early termination of the Initial Swap Agreements, the Commission would no longer receive the variable interest rate payments payable by the counterparties thereunder.

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 2010 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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission (“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 2010 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”). Bond Counsel is of the further opinion that interest on the 2010 Series B Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is such interest included in adjusted current earnings in calculating corporate alternative minimum taxable income. Interest on the Series 2010 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2010 Series A Bonds is not excluded from gross income for federal income tax purposes. Bond counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2010 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

Tax Matters Relating to the 2010 Series B Bonds

To the extent the issue price of any maturity of the 2010 Series B Bonds is less than the amount to be paid at maturity of such 2010 Series B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2010 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 2010 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 2010 Series B Bonds is the first price at which a substantial amount of such maturity of the 2010 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 2010 Series B Bonds accrues daily over the term to maturity of such 2010 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 2010 Series B Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2010 Series B Bonds. Beneficial owners of the 2010 Series B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2010 Series B Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2010 Series B Bonds in the original offering to the public at the first price at which a substantial amount of such 2010 Series B Bonds is sold to the public.

2010 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 2010 Series B Bonds. The Commission has made certain representations and covenanted to comply with certain restrictions,
conditions and requirements designed to ensure that interest on the 2010 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 2010 Series B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2010 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 2010 Series B Bonds may adversely affect the value of, or the tax status of interest on, the 2010 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 2010 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 interest on, the 2010 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.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2010 Series B Bonds to be subject, directly or indirectly, to federal income taxation, or 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. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2010 Series B Bonds. Prospective purchasers of the 2010 Series B Bonds should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses 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 Series 2010 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 Commission, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Commission has covenanted, however, to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. Bond Counsel is not obligated to defend the Commission or the Beneficial Owners regarding the tax-exempt status of the 2010 Series B Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Commission and their 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 Commission legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2010 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 Series 2010 Bonds, and may cause the Commission or the Beneficial Owners to incur significant expense.

**Tax Matters Relating to the 2010 Series A Bonds**
The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the 2010 Series A Bonds that acquire their 2010 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 IRS with respect to any of the U.S. federal income 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 all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such persons 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 2010 Series A Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their 2010 Series A Bonds (i.e., the price at which a substantial amount of the 2010 Series A Bonds are sold to the public) and who will hold their 2010 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 2010 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 2010 Series A Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds 2010 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 2010 Series A Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2010 Series A Bonds (including their status as U.S. Holders or Non-U.S. Holders).

For U.S. Holders

The 2010 Series A Bonds are not expected to be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes because the stated redemption price at maturity of the 2010 Series A Bonds is not expected to exceed their issue price or because any such excess is expected to only be a de minimus amount (as determined for tax purposes).

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the 2010 Series A Bonds for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the 2010 Series A Bonds.

Disposition of the Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, defeasance, retirement (including pursuant to an offer by the Commission) or other disposition of a 2010 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 2010 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 2010 Series A Bond which will be taxed in the
manner described above) and (ii) the U.S. Holder’s adjusted tax basis in the 2010 Series A Bond (generally, the purchase price paid by the U.S. Holder for the 2010 Series A Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the 2010 Series A Bonds, the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder’s holding period for the 2010 Series A Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

For Non-U.S. Holders

Interest. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” payments of principal of, and interest on, any 2010 Series A Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the Commission through stock ownership and (2) a bank which acquires such 2010 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. withholding tax provided that the beneficial owner of the 2010 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 Bonds. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition of a 2010 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.

U.S. Federal Estate Tax. A 2010 Series A Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that at the time of such individual’s death, payments of interest with respect to such 2010 Series A Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. U.S. information reporting and “backup withholding” requirements apply to certain payments of principal of, and interest on the 2010 Series A Bonds, and to proceeds of the sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition of a 2010 Series A Bond, to certain noncorporate holders of 2010 Series A Bonds that are United States persons. Under current U.S. Treasury Regulations, payments of principal and interest on any 2010 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 2010 Series A Bond or a financial institution holding the 2010 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. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the beneficial owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under
penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the beneficial owners of the 2010 Series A Bonds that are not United States persons and copies of such owners’ certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.

In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28% (subject to future adjustment).

In addition, if the foreign office of a foreign “broker,” as defined in applicable U.S. Treasury Regulations pays the proceeds of the sale of a Bond to the seller of the 2010 Series A Bond, backup withholding and information reporting requirements will not apply to such payment provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partners of which, at any time during its tax year, are U.S. persons (as defined in U.S. Treasury Regulations Section 1.1441-1(c)(2)) who, in the aggregate hold more than 50% of the income or capital interest in the partnership or (2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of other brokers of the proceeds of the sale of a 2010 Series A Bond, will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agent, or the payment by the U.S. office of a broker of the proceeds of a sale of a 2010 Series A Bond, is subject to backup withholding requirements unless the beneficial owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

**Circular 230**

Under 31 C.F.R. part 10, the regulations governing practice before the I.R.S. (Circular 230), the Commission and its tax advisors are (or may be) required to inform you that:

- Any advice contained herein, including any opinions of counsel referred to herein, is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;

- Any such advice is written to support the promotion or marketing of the 2010 Series A Bonds and the transactions described herein (or in such opinion or other advice); and

- Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.
LEGAL MATTERS

The validity of the Series 2010 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 contained in Appendix E 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 Nossaman LLP, as Disclosure Counsel, and for the Underwriters by their counsel, Nixon Peabody LLP.

RATINGS

Moody’s Investors Service and Standard & Poor’s Ratings Services have assigned a rating on the Series 2010 Bonds of “Aa1” and “AAA,” 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: Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007; and Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. 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 such Series 2010 Bonds.

UNDERWRITING

The Commission expects to enter into a Purchase Contract (the “Purchase Contract”) with respect to the Series 2010 Bonds with Barclays Capital on behalf of itself and as the representative of the underwriters named therein (collectively, the “Underwriters”) pursuant to which the Underwriters will agree, subject to certain conditions, to purchase the 2010 Series A Bonds for reoffering at a purchase price of $________, which represents the aggregate principal amount of the 2010 Series A Bonds less an Underwriters’ discount of $________, and to purchase the 2010 Series B Bonds for reoffering at a purchase price of $________, which represents the aggregate principal amount of the 2010 Series B Bonds less an Underwriters’ discount of $________.

The Underwriters will purchase all of the Series 2010 Bonds if any are purchased. The Underwriters will agree to make a public offering of the Series 2010 Bonds.

FINANCIAL ADVISOR

The Commission has retained Public Financial Management Inc., Newport Beach, California, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Series 2010 Bonds. The Financial 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. Compensation paid to the Financial Advisor in connection with the issuance of the Series 2010 Bonds is contingent upon the issuance of the Series 2010 Bonds.
FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

Financial information relating to the Commission is included in the Commission’s Audited Financial Statements For Year Ended June 30, 2009. The Commission’s Audited Financial Statements For Fiscal Year Ended June 30, 2009 are included as part of Appendix A. The financial statements of the Commission as of June 30, 2009 included in Appendix A in this Official Statement, have been audited by Caporicci and Larson, Certified Public Accountants, as stated in their report appearing in Appendix A. The Commission represents that there has been no material adverse change in its financial position since June 30, 2009.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Commission and holders of any of the Series 2010 Bonds. All quotations from and summaries and explanations of the Indenture, 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.
The execution and delivery of this Official Statement by the Executive Director of the Commission has been duly authorized by the Commission.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: 

________________________________________
Executive Director
APPENDIX A

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009
APPENDIX B

INFORMATION REGARDING THE COUNTY OF SAN DIEGO

Set forth below is certain information with respect to the County of San Diego (the “County”). Except as otherwise indicated, such information was obtained from the County as of the latest date when such information was available. 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 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 climate is stable in the coastal and valley regions where most of the population and resources are located. 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, which contributes approximately $10 billion annually to the retail and service businesses of the area.

PETCO Park, located in the City of San Diego, provides a 42,000 fixed seat baseball stadium for the San Diego Padres. PETCO Park is located in a 26-block neighborhood that contains existing and proposed hotels, office space, retail and housing units within walking distance from the San Diego Convention Center and the Gaslamp Quarter. The baseball stadium also is within walking distance of a San Diego Trolley station and nearby parking facilities.

The San Diego Convention Center includes 2.6 million total gross square feet and plans are in progress to expand the Convention Center into the nearby bayfront area. Preliminary estimates from the San Diego Convention Center Corporation indicate that the Convention Center generated approximately $1.5 Billion in calendar year 2009 in total economic impact (direct and indirect spending).

The County is also growing as a major center for culture and education. Over 30 recognized art organizations, including the San Diego Opera, 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 five two-year colleges and six four-year colleges and universities.

In addition to the City of San Diego, other principal cities in San Diego 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 San Diego County has a dry, desert-like topography.
The County is the delivery system for federal, state and local programs. The County provides a wide range of services to its residents including: (1) regional services such as courts, probation, medical examiner, jails, elections and public health; (2) health, welfare and human services such as mental health, senior citizen and child welfare services; (3) basic local services such as planning, parks, libraries and Sheriff’s patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (4) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County.

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 California or the nation. The County population as of January 2010 was estimated to be approximately 3,224,432, making it the second largest County by population in California. As of July 1, 2009, the U.S. Census Bureau ranked San Diego County the seventeenth largest Metropolitan Statistical Area in the United States. The 2009 population increased 1.1% from 2008. By the year 2020, the County’s population is projected to exceed 3.5 million.

The following table shows changes in the population in the County, the State and the United States for the years 1996 to 2010.

<table>
<thead>
<tr>
<th>Year</th>
<th>San Diego County</th>
<th>Percent Change</th>
<th>State of California</th>
<th>Percent Change</th>
<th>United States</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>2,621</td>
<td>0.31%</td>
<td>31,837</td>
<td>0.70%</td>
<td>265,229</td>
<td>0.96%</td>
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<td>1997</td>
<td>2,653</td>
<td>1.23</td>
<td>32,207</td>
<td>1.16</td>
<td>267,784</td>
<td>0.92</td>
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<td>2,703</td>
<td>1.88</td>
<td>32,657</td>
<td>1.40</td>
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<td>1999</td>
<td>2,751</td>
<td>1.78</td>
<td>33,140</td>
<td>1.48</td>
<td>272,691</td>
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<td>33,873</td>
<td>2.22</td>
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<td>1.81</td>
<td>34,441</td>
<td>1.91</td>
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<td>1.99</td>
<td>35,088</td>
<td>1.87</td>
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<td>1.74</td>
<td>35,691</td>
<td>1.71</td>
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<td>1.31</td>
<td>36,252</td>
<td>1.57</td>
<td>293,657</td>
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<td>36,743</td>
<td>1.35</td>
<td>296,410</td>
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<td>0.86</td>
<td>37,195</td>
<td>1.23</td>
<td>299,398</td>
<td>1.01</td>
</tr>
<tr>
<td>2007</td>
<td>3,098</td>
<td>1.11</td>
<td>37,883</td>
<td>1.26</td>
<td>301,140</td>
<td>0.58</td>
</tr>
<tr>
<td>2008</td>
<td>3,131</td>
<td>1.5</td>
<td>38,292</td>
<td>1.1</td>
<td>304,374</td>
<td>0.96</td>
</tr>
<tr>
<td>2009</td>
<td>3,173</td>
<td>1.3</td>
<td>38,255</td>
<td>0.28</td>
<td>307,006</td>
<td>0.86</td>
</tr>
<tr>
<td>2010</td>
<td>3,224</td>
<td>1.2</td>
<td>38,648</td>
<td>1.0</td>
<td>(3)</td>
<td>(3)</td>
</tr>
</tbody>
</table>

Sources: State of California Department of Finance; U.S. Bureau of the Census

(1) As of January 1 of the year shown, except for 2000 Census (April 1, 2000).
(2) As of July 1 of the year shown.
(3) National data for July 1, 2010 not yet available.
Employment

The County’s total labor force, the number of persons who work or are available for work, averaged approximately 1,557,400 in 2009. The number of employed workers in the labor force averaged approximately 1,406,100. 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 full years 2005 through 2009. The last column of the table indicates the civilian labor force, employment and unemployment rates for the County, the State of California and the Nation through June of 2010.

### CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT*
#### ANNUAL AVERAGES 2005-2010

*By Place of Residence*

(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>County of San Diego</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>1,507.8</td>
<td>1,518.0</td>
<td>1,524.5</td>
<td>1,555.1</td>
<td>1,557.4</td>
<td>1,571.5</td>
</tr>
<tr>
<td>Employment</td>
<td>1,442.7</td>
<td>1,457.5</td>
<td>1,455.4</td>
<td>1,462.3</td>
<td>1,406.1</td>
<td>1,406.6</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.3%</td>
<td>4.0%</td>
<td>5.6%</td>
<td>6.0%</td>
<td>9.7%</td>
<td>10.5%</td>
</tr>
<tr>
<td><strong>State of California</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>17,740.4</td>
<td>17,901.9</td>
<td>17,970.8</td>
<td>18,251.6</td>
<td>18,250.2</td>
<td>18,280.4</td>
</tr>
<tr>
<td>Employment</td>
<td>16,782.3</td>
<td>17,029.3</td>
<td>17,011.0</td>
<td>16,938.3</td>
<td>16,163.9</td>
<td>16,051.2</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.4%</td>
<td>4.9%</td>
<td>5.3%</td>
<td>7.2%</td>
<td>11.4%</td>
<td>12.2%</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>149,320.0</td>
<td>151,428.0</td>
<td>153,124.0</td>
<td>154,287.0</td>
<td>154,142.0</td>
<td>154,767.0</td>
</tr>
<tr>
<td>Employment</td>
<td>141,730.0</td>
<td>144,427.0</td>
<td>146,047</td>
<td>145,362.0</td>
<td>139,877.0</td>
<td>139,882.0</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.1%</td>
<td>4.6%</td>
<td>4.6%</td>
<td>5.8%</td>
<td>9.3%</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

Sources: County and State Data - California Employment Development Department; National Data - U.S. Department of Labor, Bureau of Labor Statistics.

* Data not seasonally adjusted; March 2009 benchmark.

** As of June 2010.
The following table sets forth the annual average employment within the County by employment sector for 2004 through 2009. Industry employment in San Diego County has decreased by a total of 32,200 jobs since 2004. The largest growth industries were: education and health sciences; leisure and hospitality; and government. During the years profiled, these industries gained a total of 26,300 jobs. The largest growth occurred in education and health sciences (21,300 jobs).

**SAN DIEGO COUNTY**

**LABOR FORCE AND INDUSTRY EMPLOYMENT**

**ANNUAL AVERAGES**

**2004-2009**

<table>
<thead>
<tr>
<th>Employment Sector</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, All Industries</td>
<td>1,271,500</td>
<td>1,292,800</td>
<td>1,310,900</td>
<td>1,319,700</td>
<td>1,309,300</td>
<td>1,239,300</td>
</tr>
<tr>
<td>Agriculture</td>
<td>11,100</td>
<td>10,700</td>
<td>11,000</td>
<td>10,900</td>
<td>10,500</td>
<td>9,700</td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>400</td>
<td>400</td>
<td>500</td>
<td>400</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Construction</td>
<td>87,700</td>
<td>90,800</td>
<td>92,600</td>
<td>87,000</td>
<td>76,100</td>
<td>61,100</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>104,300</td>
<td>104,500</td>
<td>103,600</td>
<td>102,500</td>
<td>102,800</td>
<td>95,400</td>
</tr>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>215,300</td>
<td>219,400</td>
<td>221,000</td>
<td>222,300</td>
<td>215,900</td>
<td>198,300</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>41,900</td>
<td>43,600</td>
<td>45,100</td>
<td>45,500</td>
<td>44,900</td>
<td>40,700</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>144,900</td>
<td>147,400</td>
<td>147,600</td>
<td>148,100</td>
<td>142,000</td>
<td>130,500</td>
</tr>
<tr>
<td>Transportation, Warehousing &amp; Utilities</td>
<td>28,400</td>
<td>28,400</td>
<td>28,300</td>
<td>28,800</td>
<td>29,000</td>
<td>27,100</td>
</tr>
<tr>
<td>Information</td>
<td>36,600</td>
<td>37,400</td>
<td>37,200</td>
<td>37,600</td>
<td>38,500</td>
<td>37,000</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>81,900</td>
<td>83,200</td>
<td>83,700</td>
<td>80,300</td>
<td>75,200</td>
<td>70,300</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>52,800</td>
<td>53,500</td>
<td>53,300</td>
<td>50,200</td>
<td>46,100</td>
<td>43,800</td>
</tr>
<tr>
<td>Real Estate, Rental &amp; Leasing</td>
<td>29,100</td>
<td>29,700</td>
<td>30,400</td>
<td>30,100</td>
<td>29,200</td>
<td>26,500</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>204,500</td>
<td>210,400</td>
<td>213,800</td>
<td>216,800</td>
<td>215,100</td>
<td>197,300</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>121,700</td>
<td>122,500</td>
<td>124,700</td>
<td>129,500</td>
<td>137,300</td>
<td>143,000</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>145,700</td>
<td>149,600</td>
<td>156,200</td>
<td>161,800</td>
<td>164,000</td>
<td>155,200</td>
</tr>
<tr>
<td>Other Services</td>
<td>47,900</td>
<td>48,800</td>
<td>48,900</td>
<td>48,300</td>
<td>48,400</td>
<td>47,000</td>
</tr>
<tr>
<td>Government</td>
<td>214,300</td>
<td>215,000</td>
<td>217,700</td>
<td>222,400</td>
<td>225,100</td>
<td>224,700</td>
</tr>
</tbody>
</table>

Source: California Employment Development Department.
Regional Economy

The table below sets forth San Diego County’s Gross Metropolitan Product, which is an estimate of the value for all goods and services produced in the region, from 2002 through 2010.

COUNTY OF SAN DIEGO
GROSS METROPOLITAN PRODUCT
2002-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Metropolitan Product (In Billions)</th>
<th>Current Dollars San Diego</th>
<th>Constant Dollars* San Diego</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$120.2</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>2003</td>
<td>126.9</td>
<td>5.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2004</td>
<td>138.6</td>
<td>9.3</td>
<td>6.5</td>
</tr>
<tr>
<td>2005</td>
<td>148.4</td>
<td>7.0</td>
<td>4.2</td>
</tr>
<tr>
<td>2006</td>
<td>157.5</td>
<td>6.1</td>
<td>3.3</td>
</tr>
<tr>
<td>2007</td>
<td>163.7</td>
<td>3.9</td>
<td>1.4</td>
</tr>
<tr>
<td>2008</td>
<td>168.7</td>
<td>3.1</td>
<td>1.0</td>
</tr>
<tr>
<td>2009(1)</td>
<td>168.3</td>
<td>(0.3)</td>
<td>(2.0)</td>
</tr>
<tr>
<td>2010(1)</td>
<td>174.0</td>
<td>3.4</td>
<td>2.1</td>
</tr>
</tbody>
</table>

* Adjusted using the GMP/GSP/GDP Implicit Price Deflator.
(1) Forecast.

Economic activity and population growth in the local economy are closely related. Helping to sustain the County's economy is the performance of three basic industries of the region, which consist of manufacturing, the military, and tourism. The U.S. Department of Defense contributes about $10 billion annually to the local economy, through wages paid to the uniformed military and civilian personnel, and for equipment and services purchased from local businesses. San Diego's military presence is anticipated to remain relatively stable and may increase due to the consolidation of military operations and facilities from elsewhere in California, the West, and throughout the United States.

Building Activity

Annual total building permit valuation and the annual unit total of new residential permits from 2006 through June of 2010 are shown in the following table.
COUNTY OF SAN DIEGO  
BUILDING PERMIT ACTIVITY  
2006 – June 2010  
(In Thousands)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Residential</th>
<th>Non-Residential</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$2,470,685</td>
<td>$1,621,608</td>
<td>$4,092,293</td>
</tr>
<tr>
<td>2007</td>
<td>$1,852,381</td>
<td>$1,416,823</td>
<td>$3,269,204</td>
</tr>
<tr>
<td>2008</td>
<td>$1,339,204</td>
<td>$1,061,841</td>
<td>$2,401,045</td>
</tr>
<tr>
<td>2009</td>
<td>$464,005</td>
<td>$344,084</td>
<td>$808,089</td>
</tr>
<tr>
<td>2010*</td>
<td>$590,577</td>
<td>$306,277</td>
<td>$896,854</td>
</tr>
</tbody>
</table>

Valuation:  
Residential:  
Non-Residential:  
Total:  

New Housing Units:  
Single Family:  
Multiple Family:  
Total:  

Source: Construction Industry Research Board.  
* Through June of 2010.

Commercial Activity

Consumer spending for 2009 resulted in approximately $9.7 billion in taxable sales in the County. The following table sets forth information regarding taxable sales in the County for the years 2005 through 2009.

COUNTY OF SAN DIEGO  
TAXABLE SALES  
2005-2009  
(In Thousands)  

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel Stores</td>
<td>$1,798,104</td>
<td>$1,909,011</td>
<td>$2,034,512</td>
<td>$2,205,568</td>
<td>$1,767,733</td>
</tr>
<tr>
<td>General Merchandise</td>
<td>5,406,091</td>
<td>5,594,621</td>
<td>5,673,538</td>
<td>5,305,252</td>
<td>2,903,833</td>
</tr>
<tr>
<td>Specialty Stores(2)</td>
<td>4,728,028</td>
<td>4,926,656</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Food Stores</td>
<td>1,858,152</td>
<td>1,928,274</td>
<td>1,994,237</td>
<td>1,868,466</td>
<td>1,425,746</td>
</tr>
<tr>
<td>Eating and Drinking Establishments</td>
<td>4,267,302</td>
<td>4,521,392</td>
<td>4,784,500</td>
<td>4,869,497</td>
<td>3,590,870</td>
</tr>
<tr>
<td>Home Furnishings/Appliances</td>
<td>1,566,046</td>
<td>1,511,389</td>
<td>1,420,933</td>
<td>1,590,329</td>
<td>602,527</td>
</tr>
<tr>
<td>Building Materials</td>
<td>3,376,009</td>
<td>3,331,161</td>
<td>2,768,385</td>
<td>2,183,006</td>
<td>1,404,900</td>
</tr>
<tr>
<td>Automotive</td>
<td>9,739,136</td>
<td>9,819,932</td>
<td>6,321,987</td>
<td>5,010,084</td>
<td>3,199,174</td>
</tr>
<tr>
<td>Service Stations(2)</td>
<td>-</td>
<td>-</td>
<td>3,755,121</td>
<td>4,154,465</td>
<td>2,317,031</td>
</tr>
<tr>
<td>All Other Retail Stores</td>
<td>1,045,927</td>
<td>1,076,631</td>
<td>5,285,332</td>
<td>4,529,006</td>
<td>3,128,433</td>
</tr>
<tr>
<td>Business and Personal Services</td>
<td>2,239,304</td>
<td>2,302,057</td>
<td>2,298,265</td>
<td>2,255,309</td>
<td>-</td>
</tr>
<tr>
<td>All Other Outlets</td>
<td>10,655,372</td>
<td>10,914,390</td>
<td>11,149,178</td>
<td>11,358,155</td>
<td>8,787,121</td>
</tr>
</tbody>
</table>

Source: California State Board of Equalization, Taxable Sales in California.  
(1) Information available through Third Quarter of 2009 only.  
(2) After 2006, data for the Specialty Stores Group was included in the category for All Other Retail Stores.  
(3) After 2006, Service Stations became a separate category and were not included in the Automotive Category.  
(4) Quarterly Reports do not have a category for Business and Personal Services.
Personal Income

The following table summarizes the median household income for the County, the State, and the United States between 2003 and 2008. In 2008 the median household income for the County of San Diego was $63,026.

<table>
<thead>
<tr>
<th>Year</th>
<th>San Diego County</th>
<th>California</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$ 49,886</td>
<td>$ 50,220</td>
<td>$ 43,564</td>
</tr>
<tr>
<td>2004</td>
<td>51,012</td>
<td>51,185</td>
<td>44,684</td>
</tr>
<tr>
<td>2005</td>
<td>56,335</td>
<td>53,629</td>
<td>46,242</td>
</tr>
<tr>
<td>2006</td>
<td>59,591</td>
<td>56,645</td>
<td>48,451</td>
</tr>
<tr>
<td>2007</td>
<td>61,794</td>
<td>59,948</td>
<td>50,740</td>
</tr>
<tr>
<td>2008</td>
<td>63,026</td>
<td>61,021</td>
<td>52,029</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau – Economic Characteristics – America Community Survey.
(1) Estimated. In inflation-adjusted dollars.
(2) Data for 2009 and 2010 are not currently available.

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 points north. 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 transit in the metropolitan area is provided by the Metropolitan Transit System (“MTS”) and North County Transit District. The San Diego Trolley, developed by MTS beginning in 1979, has been expanded. A total of 17.6 miles were added to the original 108 miles; construction was completed in 1990.

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'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.

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 a high level of visitor and convention business each year. Contributing to the growth of visitor business has been 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.

San Diego's visitor industry is a major sector of the region's economy. Visitor revenues in San Diego County reached approximately $6.96 billion in 2009, according to an estimate by the San Diego Convention and Visitors Bureau, a decrease of approximately $958 million from the prior year. The County hosted 71 conventions and trade shows in 2009, attended by approximately 519,418 delegates. Additional visitors pass through the San Ysidro Port of Entry, the busiest border crossing in the world with nearly 70 million crossings each year between San Diego and Tijuana, Mexico.

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.

Community colleges in California 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. There are five community college districts in the County with students at eleven campuses and numerous 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.
APPENDIX C
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture, dated as of March 1, 2008, as supplemented and amended, including as supplemented and amended by the Third Supplemental Indenture, dated as of October 1, 2010 (hereinafter collectively referred to as the “Indenture”), between the San Diego County Regional Transportation Commission (the “Commission”) and U.S. Bank National Association, as trustee (the “Trustee”). Such summary is not intended to be complete or definitive, is supplemental to the summary of other provisions of the Indenture contained elsewhere in this Official Statement, and is qualified in its entirety by reference to the full terms of the Indenture. All capitalized terms used and not otherwise defined in this Official Statement shall have the meanings assigned to such terms in the Indenture.

Definitions

Accreted Value means, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon, compounded at the approximate interest rate thereon on each date specified therein. The Accreted Value at any date shall be the amounts set forth in the Accreted Value Table as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date.

Accreted Value Table means the table denominated as such which appears as an exhibit to, and to which reference is made in, a Supplemental Indenture providing for a Series of Capital Appreciation Bonds issued pursuant to such Supplemental Indenture.

Act means the San Diego County Regional Transportation Commission Act, Chapter 2 of Division 12.7 (Section 132000 et seq.) of the Public Utilities Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

Alternate Credit Enhancement means, with respect to a Series of Bonds, any Insurance, letter of credit, line of credit, surety bond or other instrument, if any, which secures or guarantees the payment of principal of and interest on a Series of Bonds, issued by an insurance company, commercial bank, pension fund or other financial institution, and delivered or made available to the Trustee, as a replacement or substitution for any Credit Enhancement then in effect.

Alternate Liquidity Facility means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, issued by a commercial bank, insurance company, pension fund or other financial institution, and delivered or made available to the Trustee, as a replacement or substitute for any Liquidity Facility then in effect.

Annual Debt Service means, for any Fiscal Year, the aggregate amount (without duplication) of principal and interest on all Bonds and Parity Obligations becoming due and payable during such Fiscal Year calculated using the principles and assumptions set forth under the definition of Debt Service.

Assumed Debt Service means for any Fiscal Year the aggregate amount of principal and interest which would be payable on all Bonds if each Excluded Principal Payment were amortized on a substantially level debt service basis for a period commencing on the date of calculation of such Assumed Debt Service and ending on the earlier of (i) the date specified by the Commission not exceeding thirty
(30) years from the date of calculation, or (ii) the Tax Expiration Date, such Assumed Debt Service to be calculated on a level debt service basis, based on a fixed interest rate equal to the rate at which the Commission could borrow for such period, as set forth in a certificate of a financial advisor or investment banker, delivered to the Trustee, who may rely conclusively on such certificate, such certificate to be delivered within thirty (30) days of the date of calculation.

**Authorized Denominations** means, with respect to 2010 Bonds, $5,000 and any integral multiple thereof.

**Authorized Representative** means the Chair of the Board of Directors, the Executive Director, the Chief Deputy Executive Director, the Director of Finance, the Finance Manager, or any other person designated to act on behalf of the Commission by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Commission by an Authorized Representative.

**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 Bond, including, without limitation, any Person holding Bonds through nominees or depositaries, including the Securities Depository.

**Board** means the Board of Directors of the Commission.

**Bond Obligation** means, as of any given date of calculation, (1) with respect to any Outstanding Current Interest Bond, the principal amount of such Bond, and (2) with respect to any Outstanding Capital Appreciation Bond, the Accreted Value thereof.

**Bond Reserve Fund** means any fund by that name established with respect to one or more Series of Bonds pursuant to one or more Supplemental Indentures establishing the terms and provisions of such Series of Bonds.

**Bond Reserve Requirement** with respect to one or more Series of Bonds for which the Commission shall have established a Bond Reserve Fund shall have the meaning specified in the Supplemental Indenture or Supplemental Indentures establishing the terms and provisions of such Series of Bonds.

**Bondholder** or **Holder**, whenever used in the Indenture or in this Official Statement with respect to a Bond, means the person in whose name such Bond is registered.

**Bonds** means the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, the Indenture.

**Business Day** means, except as is otherwise provided in the Supplemental Indenture pursuant to which a Series of Bonds are issued, any day other than (1) a Saturday, Sunday, or a day on which banking institutions in the State, the State of New York or the jurisdiction in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed, or (2) for purposes of payments and other actions relating to Bonds secured by a Credit Enhancement or supported by a Liquidity Facility, a day upon which commercial banks in the city in which is located the office of the issuing bank at which demands for payment under the Credit Enhancement or Liquidity Facility, as applicable, are to be presented are authorized or obligated by law or executive order to be closed, or (3) a day on which the New York Stock Exchange is closed.
**Capital Appreciation Bonds** means the Bonds of any Series designated as Capital Appreciation Bonds in the Supplemental Indenture providing for the issuance of such Series of Bonds and on which interest is compounded and paid at maturity or on prior redemption.

**Certificate, Statement, Request, Requisition** and **Order** of the Commission mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the Commission by an Authorized Representative.

**Code** means the Internal Revenue Code of 1986, and the regulations applicable thereto or issued thereunder, or any successor to the Internal Revenue Code of 1986. Reference to any particular Code section shall, in the event of such a successor Code, be deemed to be reference to the successor to such Code section.

**Commission** means the San Diego County Regional Transportation Commission, a public entity of the State, duly organized and existing under the Act.

**Comparable Treasury Issue** means the United States Treasury security selected by the Designated Banking Institution as having a maturity comparable to the remaining term to maturity of the 2010 Series A Bond 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 2010 Series A Bond being redeemed.

**Comparable Treasury Price** means, with respect to any date on which a 2010 Series A Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Designated Banking Institution 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 Designated Banking Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Designated Banking Institution, at 2:00 p.m. New York City time on a Business Day at least two Business Days but no more than 45 calendar days preceding the applicable date fixed for redemption.

**Comparable Treasury Yield** means the yield 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 Designated Banking Institution 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 2010 Series A Bond being redeemed. The Comparable Treasury Yield will be determined at least two Business Days but no more than 45 calendar days preceding the applicable 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 2010 Series A Bond being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the 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 2010 Series A Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2010 Series A Bond 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 Comparable
Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price as of the date fixed for redemption.

**Continuing Disclosure Agreement** means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Continuing Disclosure Agreement, dated the date of issuance of such Series of Bonds, executed by the Commission and a Dissemination Agent, as the same may be supplemented, modified or amended in accordance with its terms.

**Corporate Trust Office** or **corporate trust office** means the corporate trust office of the Trustee at U.S. Bank National Association, 633 West 5th Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Division, or such other or additional offices as may be designated by the Trustee from time to time.

**Costs of Issuance** means all items of expense directly or indirectly payable by or reimbursable to the Commission and related to the authorization, execution, sale and delivery of the Series of Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning such Series of Bonds, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, surety, insurance, credit enhancement and liquidity costs, termination fees payable in connection with the termination of an Interest Rate Swap Agreement in connection with the delivery of such Series of Bonds, and any other cost, charge or fee in connection with the initial delivery of a Series of Bonds or any Parity Obligations delivered in connection with a Series of Bonds.

**Costs of Issuance Fund** means a fund by that name established pursuant to the provisions of a Supplemental Indenture to pay Costs of Issuance with respect to a Series of Bonds being issued pursuant to such Supplemental Indenture.

**Costs of the Project** means all items of expense related to the Project and directly or indirectly payable by or reimbursable to the Commission in accordance with the Act and the Ordinance.

**Counterparty** means an entity which has entered into an Interest Rate Swap Agreement with the Commission.

**Credit Enhancement** means, with respect to a Series of Bonds, any Insurance, letter of credit, line of credit, surety bond or other instrument, if any, which secures or guarantees the payment of principal of and interest on a Series of Bonds, issued by an insurance company, commercial bank or other financial institution, and delivered or made available to the Trustee, as from time to time supplemented or amended pursuant to its terms, or, in the event of the delivery or availability of an Alternate Credit Enhancement, such Alternate Credit Enhancement.

**Credit Provider** means, with respect to a Series of Bonds, the Insurer, commercial bank or other financial institution issuing (or having primary obligation, or acting as agent for the financial institutions obligated, under) a Credit Enhancement then in effect with respect to such Series of Bonds.

**Current Interest Bonds** means the Bonds of any Series designated as Current Interest Bonds in the Supplemental Indenture providing for the issuance of such Series of Bonds and that pay interest to the Holders thereof on a periodic basis prior to maturity.
Debt Service, when used with respect to any Bonds or Parity Obligations (for purposes of this definition of “Debt Service,” herein collectively referred to as “Obligations”), means, as of any date of calculation and with respect to any Fiscal Year, the sum of (1) the interest falling due on such Obligations during such Fiscal Year and (2) the principal or Mandatory Sinking Account Payments required with respect to such Obligations during such Fiscal Year; computed on the assumption that no portion of such Obligations shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such computation:

(A) Excluded Principal Payments (and the interest related thereto, provided such interest is being paid from the same source as the Excluded Principal Payments), shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;

(B) in determining the principal amount due in each Fiscal Year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such Obligations, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Obligations on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond;

(C) if any Obligations bear, or if any Obligations proposed to be issued will bear, interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place and the interest on which is excluded or expected to be excluded from gross income for federal income tax purposes, the interest rate on such Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average of the SIFMA Swap Index for the five (5) years preceding such date of calculation;

(D) if any Obligations bear, or if any Obligations proposed to be issued will bear, interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place and the interest on which is included or expected to be included in gross income for federal income tax purposes, the interest rate on such Obligations shall be calculated at an interest rate equal to 100% of the average One Month USD LIBOR Rate during the five (5) years preceding such date of calculation;

(E) with respect to any Obligations bearing interest, or expected to bear interest, at a variable interest rate for which an Interest Rate Swap Agreement is in place providing for a fixed rate of interest to maturity or for a specific term with respect to such Obligations, the interest rate on such Obligations shall be assumed to be the synthetic fixed interest rate specified in such Interest Rate Swap Agreement for such term; provided that if, pursuant to a Certificate of the Commission filed with the Trustee, the sum of (i) interest payable on such Obligations, plus (ii) amounts payable by the Commission under such Interest Rate Swap Agreement, less (iii) amounts receivable by the Commission under such Interest Rate Swap Agreement, is expected to be greater than the interest payable on the Obligations to which such Interest Rate Swap Agreement relates (i.e., if such Interest Rate Swap Agreement is an “off-market” Interest Rate Swap Agreement), then, in such instance, such excess amounts payable by the Commission under such Interest Rate Swap Agreement shall be included in the calculation of Debt Service;

(F) with respect to any Obligations bearing interest, or expected to bear interest, at a fixed interest rate for which an Interest Rate Swap Agreement is in place providing for a net variable interest rate with respect to such Obligations for a specific term, the interest rate on such Obligations shall be assumed to be equal for such term to the sum of (i) the fixed interest rate or rates to be paid on the
Obligations, minus (ii) the fixed interest rate receivable by the Commission under such Interest Rate Swap Agreement, plus (iii) the average interest rate of the index on which the Interest Rate Swap Agreement is based, as identified in a Certificate of the Commission, or, if not based on an identifiable index, then the SIFMA Swap Index, in each case, over the five (5) years preceding the date of calculation;

(G) if any Obligations feature an option, on the part of the owners or an obligation under the terms of such Obligations, to tender all or a portion of such Obligations to the Commission, the Trustee or other fiduciary or agent, and requires that such Obligations or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Obligations, the options or obligations of the owners of such Obligations to tender the same for purchase or payment prior to the stated maturity or maturities shall be ignored and not treated as a principal maturity; and

(H) principal and interest payments on Obligations shall be 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 the Commission expects to receive thereon, with the Trustee or other fiduciary in escrow specifically therefor and interest payments shall be excluded to the extent that such interest payments are to be paid from the proceeds of Obligations, including Investment Securities and interest the Commission expects to receive thereon, held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or from Subsidy Payments the Commission expects to receive.

Defeasance Securities means: (i) U.S. Treasury Certificates, Notes and Bonds, including State and Local Government Series securities; (ii) direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury itself; (iii) Resolution Funding Corp. securities (“REFCORP”), provided, however, only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable; (iv) pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by Standard & Poor’s, provided, however, that if such municipal bonds are rated only by Standard & Poor’s, then such pre-refunded municipal bonds must have been pre-refunded with cash, direct United States or United States guaranteed obligations, or “AAA” rated pre-refunded municipal bonds; (v) obligations issued by the following agencies, which are backed by the full faith and credit of the United States: (a) Farmers Home Administration (FmHA) - certificates of beneficial ownership; (b) General Services Administration - participation certificates; (c) U.S. Maritime Administration - Guaranteed Title XI financing; (d) Small Business Administration guaranteed participation certificates and guaranteed pool certificates; (e) GNMA guaranteed MSB and participation certificates; and (f) U.S. Department of Housing and Urban Development (HUD) Local Authority Bonds, or (vi) certain obligations of government-sponsored agencies that are not backed by the full faith and credit of the United States limited to: (a) Federal Home Loan Mortgage Corp. (FHLMC) debt obligations; (b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) consolidated system-wide bonds and notes; (c) Federal Home Loan Banks (FHLBanks) consolidated debt obligations; (d) Federal National Mortgage Association (FNMA) debt obligations; (e) Student Loan Marketing Association (SLMA) debt obligations; and (f) Financing Corp. (FICO) debt obligations; and (g) other obligations approved by the Rating Agencies for defeasance escrows rated in the highest Rating Category.

Designated Banking Institution means an investment banking institution of national standing which is a primary United States government securities dealer designated by the Commission.

Dissemination Agent means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12(b)(5), the dissemination agent under the Continuing Disclosure Agreement delivered in connection with such Series of Bonds, or any successor dissemination agent.
designated in writing by the Commission and which has entered into a Continuing Disclosure Agreement with the Commission.

**DTC** means The Depository Trust Company, New York, New York, or any successor thereto.

**Electronic Means** means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

**Event of Default** means any of the events of default specified in the Indenture.

**Excluded Principal Payments** means each payment of principal of Bonds or Parity Obligations which the Commission determines (in the Certificate of the Commission) that the Commission intends to pay with moneys that are not Sales Tax Revenues (such as commercial paper, balloon indebtedness or bond anticipation notes) but from future debt obligations of the Commission, grants from the State or federal government, or any agency or instrumentality thereof, or any other source of funds of the Commission, upon which determination of the Commission the Trustee may conclusively rely. No such determination shall affect the security for such Bonds or the obligation of the Commission to pay such payments from Sales Tax Revenues or amounts on deposit in the Bond Reserve Fund, if any. No payment of principal of Bonds may be determined to be an Excluded Principal Payment unless it is due on or prior to the Tax Expiration Date.

**Existing Notes** means the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series A, Series B and Series C, authorized by, and at any time Outstanding pursuant to, the Subordinate Indenture.

**Fees and Expenses Fund** means the fund by that name established pursuant to the Indenture.

**Fiscal Year** means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other 12-month period hereafter selected and designated as the official fiscal year period of the Commission, which designation shall be provided to the Trustee in a Certificate delivered by the Commission.

**Fitch** means Fitch Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Commission.

**Holder** or **Bondholder**, whenever used in the Indenture with respect to a Bond, means the person in whose name such Bond is registered.

**Indenture** means the Indenture, dated as of March 1, 2008, between the Trustee and the Commission, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions of the Indenture.

**Initial Swaps** means the following Interest Rate Swap Agreements, in a combined notional amount of $600,000,000:

- a. ISDA Master Agreement, dated as of November 22, 2005, between Bank of America, N.A. (“BofA”) and the Commission, as supplemented by the Schedule, dated as of
November 22, 2005 and the confirmation of a transaction entered into on November 22, 2005 between BofA and the Commission;

b. ISDA Master Agreement, dated as of November 22, 2005, between Goldman Sachs Mitsui Marine Derivative Products, L.P. (“Goldman”) and the Commission, as supplemented by the Schedule, dated as of November 22, 2005 and the confirmation of a transaction entered into on November 29, 2005 between Goldman and the Commission; and

c. ISDA Master Agreement, dated as of November 22, 2005, between Merrill Lynch Capital Services, Inc. (“MLCS”) and the Commission, as supplemented by the Schedule, dated as of November 22, 2005 and the confirmation of a transaction entered into on November 22, 2005 between MLCS and the Commission.

Insurance means any financial guaranty insurance policy or municipal bond insurance policy issued by an Insurer insuring the payment when due of principal of and interest on a Series of Bonds as provided in such financial guaranty insurance policy or municipal bond insurance policy.

Insurer means any provider of Insurance with respect to a Series of Bonds.

Interest Fund means the fund by that name established pursuant to the Indenture.

Interest Payment Date, with respect to each Series of Bonds, shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

Interest Rate Swap Agreement means an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security, however denominated, entered into between the Commission and a Counterparty, in connection with, or incidental to, the issuance or carrying of Bonds, including, without limitation, an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security entered into in advance of the issuance of Bonds.

Investment Securities means the following:

1. any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (3) below to the extent unconditionally guaranteed by the United States of America;

2. any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (1);


4. housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes
issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

5. obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that at the time of their purchase such obligations are rated in either of the two highest long-term or highest short-term Rating Categories by both Moody’s and Standard & Poor’s;

6. any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (1) or (2) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (1) or (2) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (6) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (6), as appropriate, and (d) which have been rated in one of the two highest long-term Rating Categories by Moody’s and Standard & Poor’s;

7. bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by both Moody’s and Standard & Poor’s in their respective highest short-term Rating Categories, or, if the term of such indebtedness is longer than three (3) years, rated by both Moody’s and Standard & Poor’s in one of their respective two highest long-term Rating Categories, for comparable types of debt obligations;

8. demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee), provided that such certificates of deposit shall be purchased directly from such a bank, trust company or national banking association and shall be either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by such securities and obligations as are described above in clauses (1) through (5), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on such undertaking;
9. taxable commercial paper, other than that issued by bank holding companies, or tax-exempt commercial paper rated in the highest Rating Category by both Moody’s and Standard & Poor’s;

10. variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest Rating Category for its short-term rating, if any, and in either of the two highest Rating Categories for its long-term rating, if any, by both Moody’s and Standard & Poor’s, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligation by the Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in either of the two highest long-term Rating Categories by both Moody’s and Standard & Poor’s;

11. any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) having a minimum permanent capital of one hundred million dollars ($100,000,000) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities and obligations described in clauses (1), (2), (3) or (4) above, which shall have a market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of such investment and shall be lodged with the Trustee or other fiduciary, as custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement, and the entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least monthly) will be an amount equal to the principal amount of each such repurchase agreement and the Trustee shall be entitled to rely on each such undertaking;

12. any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (1), (2), (3), (4), (5) and (11) of this definition of Investment Securities and any money market fund, the entire investments of which are limited to investments described in clauses (1), (2), (3), (4), (5) and (11) of this definition of Investment Securities; provided that as used in this clause (12) and clause (13) investments will be deemed to satisfy the requirements of clause (11) if they meet the requirements set forth in clause (11) ending with the words “clauses (1), (2), (3) or (4) above” and without regard to the remainder of such clause (11);

13. any investment agreement with a financial institution or insurance company which: (a) has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in either of the two highest long-term Rating Categories by both Moody’s and Standard & Poor’s; or (b) is fully secured by obligations described in items (1), (2), (3) or (4) of the definition of Investment Securities which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (B) held by the Trustee or other custodian acceptable to the Trustee, (C) subject to a perfected first lien in the Trustee, and (D) free and clear from all third party liens;
14. shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (1) through (13) of this definition of Investment Securities and which companies have either the highest rating by both Moody’s and Standard & Poor’s or have an investment advisor registered with the Securities and Exchange Commission with not less than five (5) years experience investing in such securities and obligations and with assets under management in excess of $500,000,000;

15. shares in a common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

16. bankers’ acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by both Moody’s and Standard & Poor’s, which purchases may not exceed two hundred seventy (270) days maturity;

17. the pooled investment fund of the County of San Diego, California, which is administered in accordance with the investment policy of said County as established by the Treasurer/Tax Collector thereof, as permitted by Section 53601 of the Government Code of the State, copies of which policy are available upon written request to said Treasurer/Tax Collector;

18. the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to the Indenture; and

19. Any other forms of investments, including repurchase agreements, approved in writing by each Credit Provider then providing Credit Enhancement for a Series of Bonds.

**Law** means the Act, Chapter 6 of Part 1 of Division 2 of Title 5 (Section 54300 et seq.) of the Government Code of the State as referenced in the Act, and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (Section 53570 et seq.) of the Government Code of the State, in each case as now in effect and as it may from time to time hereafter be amended or supplemented.

**Letter of Credit Account** means an account by that name established to hold funds that are drawn on Credit Enhancement provided in the form of a letter of credit and that are to be applied to pay the principal of or interest on a Series of Bonds, which account shall be established pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**Liquidity Facility** means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility securing or guaranteeing the payment of purchase price of such Series of Bonds and issued by a commercial bank, insurance company, pension fund or other financial institution, and delivered or made available to the Trustee, as from time to time supplemented or amended pursuant to its terms, or, in the event of the delivery or availability of an Alternate Liquidity Facility, such Alternate Liquidity Facility.

**Liquidity Facility Bonds** means any Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a Liquidity Facility, but excluding any Bonds no longer considered to be Liquidity Facility Bonds in accordance with the terms of the applicable Liquidity Facility.
Liquidity Facility Rate means, with respect to a Series of Bonds, the interest rate per annum, if any, specified as applicable to Liquidity Facility Bonds in the Liquidity Facility delivered in connection with such Series of Bonds.

Liquidity Provider means, with respect to a Series of Bonds, the commercial bank, insurance company, pension fund or other financial institution issuing (or having primary obligation, or acting as agent for the financial institutions obligated, under) a Liquidity Facility then in effect with respect to such Series of Bonds.

Make-Whole Premium means, with respect to any 2010 Series A Bond to be redeemed pursuant to the Indenture, an amount calculated by a Designated Banking Institution (as defined herein) equal to the positive difference, if any, between:

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

   (a) Each interest payment that, but for the redemption, would have been payable on the 2010 Series A Bond 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 2010 Series A Bond (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 2010 Series A Bond, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such 2010 Series A Bond to the date fixed for redemption; plus

   (b) The principal amount that, but for such redemption, would have been payable on the maturity date of the 2010 Series A Bond or portion thereof being redeemed; minus

(2) The principal amount of the 2010 Series A Bond or portion thereof being redeemed.

The present values of the interest and principal payments referred to in (1) 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 Comparable Treasury Yield (as defined herein), plus [___] basis points.

Mandatory Sinking Account Payment means, with respect to Bonds of any Series and maturity, the amount required by the Supplemental Indenture establishing the terms and provisions of such Series of Bonds to be deposited by the Commission in a Sinking Account for the payment of Term Bonds of such Series and maturity.

Maturity Date means, with respect to a Series of Bonds, the date of maturity or maturities specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

Maximum Annual Debt Service means the maximum amount of Annual Debt Service becoming due and payable on all Bonds Outstanding and all Parity Obligations outstanding during the period from the date of such calculation through the final maturity date of the Bonds and Parity Obligations, calculated utilizing the assumptions set forth under the definition of Debt Service.

Maximum Annual Interest means the maximum amount of interest on one or more Series of Bonds becoming due and payable during the period from the date of such calculation through the final maturity date of such Bonds, calculated utilizing the assumptions set forth under the definition of Debt Service.
**Maximum Interest Rate** means, with respect to all Bonds other than Liquidity Facility Bonds, the lesser of (i) twelve percent (12%) and (ii) the maximum rate of interest that may legally be paid on the Bonds from time to time, and means, with respect to Liquidity Facility Bonds, the lesser of (x) the Liquidity Facility Rate and (ii) the maximum rate of interest that may legally be paid on the Liquidity Facility Bonds from time to time.

**Moody’s** means Moody’s Investors Service, a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Commission.

**1987 Ordinance** means the San Diego Transportation Improvement Program Ordinance and Expenditure Plan, adopted by the Commission on July 31, 1987 and approved by a majority of the electors voting on such proposition on November 3, 1987, as supplemented and amended.

**Notice Parties** means, as and to the extent applicable, the Commission, the Trustee, the Credit Provider, if any, for the Series of Bonds to which the notice being given relates, the auction agent, if any, for the Series of Bonds to which the notice being given relates, the broker-dealer, if any, for the Series of Bonds to which the notice being given relates, the Liquidity Provider, if any, for the Series of Bonds to which the notice being given relates, the Index Agent, if any, for the Series of Bonds to which the notice being given relates, and the remarketing agent, if any, for the Series of Bonds to which the notice being given relates.

**Obligations** has the meaning given to such term in the definition of “Debt Service.”

**One Month USD LIBOR Rate** means the rate for deposits in U.S. dollars for a one-month maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the date of determination of such rate, except that, if such rate does not appear on such page on such date, the One Month USD LIBOR Rate means a rate determined on the basis of the rates at which deposits in U.S. dollars for a one-month maturity and in a principal amount of at least U.S. $1,000,000 are offered at approximately 11:00 a.m., London time, on such date, to prime banks in the London interbank market by three major banks in the London interbank market (herein referred to as the “Reference Banks”) selected by the Trustee (provided, however, that the Trustee may appoint an agent to identify such Reference Banks). The Trustee or its agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the One Month LIBOR Rate for the ensuing interest period will mean the One Month LIBOR Rate most recently in effect.

**Opinion of Bond Counsel** means a written opinion of a law firm of national standing in the field of public finance selected by the Commission.
**Ordinance** means, collectively, the 1987 Ordinance and the Sales Tax Extension Ordinance, and any amendments or extensions thereto, together with any future ordinance that is adopted pursuant to the Act from time to time and that is designated as an “Ordinance” under the Indenture pursuant to a Supplemental Indenture, as such future ordinance may be amended or extended pursuant to the Act from time to time.

**Outstanding**, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Commission shall have been discharged in accordance with the provisions of the Indenture described below under the caption “Discharge of Liability on Bonds,” and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture; provided, however, that in the event the principal of or interest due on any Bonds shall be paid by the Credit Provider pursuant to the Credit Enhancement issued in connection with such Bonds, such Bonds shall remain Outstanding for all purposes and shall not be considered defeased or otherwise satisfied or paid by the Commission and the pledge of Revenues and all covenants, agreements and other obligations of the Commission to the Holders shall continue to exist and shall run to the benefit of such Credit Provider and such Credit Provider shall be subrogated to the rights of such Holders.

**Parity Obligations** means (i) any indebtedness, installment sale obligation, lease obligation or other obligation of the Commission for borrowed money, (ii) any obligation to pay the Rebate Requirement, (iii) the Initial Swaps and any other Interest Rate Swap Agreement (excluding in each case fees and expenses and termination payments on Interest Rate Swap Agreements, including the Initial Swaps, 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 Sales Tax Revenues that secures the Bonds, Parity Obligations and payment of principal of and interest on Subordinate Obligations) entered into in connection with a Series of Bonds, in each case (other than in the case of the Initial Swaps) incurred in accordance with the Indenture and in each case having an equal lien and charge upon the Sales Tax Revenues and therefore being payable on a parity with the Bonds (whether or not any Bonds are Outstanding).

**Participating Underwriter** means any of the original underwriters of a Series of Bonds required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Person** means an association, corporation, firm, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

**Principal Fund** means the fund by that name established pursuant to the Indenture.

**Principal Office** means, with respect to the Trustee, the corporate trust office of the Trustee at 633 West 5th Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Division, or such other or additional offices as may be designated by the Trustee from time to time, and means, with respect to a Credit Provider or a Liquidity Provider, the office designated as such in writing by such party in a notice delivered to the Trustee and the Authority.

**Project** means transportation facility and public infrastructure improvements within the County of San Diego permitted by the Ordinance and the Act, including, but not limited to, transportation and service improvements for highways, rail transit services, bus services, local streets and roads, bicycle and pedestrian facilities, community infrastructure to support smart growth development, environmental
mitigation and enhancement projects, and the payment of all costs incidental to or connected with the accomplishment of such purposes, including, without limitation, costs of land acquisition, engineering, inspection, legal, fiscal agents, financial consultant and other fees, bond and other reserve funds, working capital, bond or note interest estimated to accrue during the construction period and for a period of not to exceed twelve months after completion of construction, and expenses for all proceedings for the authorization, issuance and sale of Bonds.

**Project Fund** means, with respect to any Series of Bonds, a fund by that name established pursuant to the provisions of a Supplemental Indenture to hold the proceeds of a Series of Bonds or a portion thereof prior to expenditure on the portion of the Project being financed with the proceeds of such Series of Bonds.

**Proportionate Basis**, when used with respect to the redemption of Bonds, means that the amount of Bonds of each maturity to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the amount of Bond Obligation of Bonds of such maturity bears to the amount of all Bond Obligation of Bonds to be redeemed, provided, however that, any Bond may only be redeemed in an authorized denomination. For purposes of the foregoing, Term Bonds shall be deemed to mature in the years and in the amounts of the Mandatory Sinking Account Payments, and Capital Appreciation Bonds and Current Interest Bonds maturing or subject to Mandatory Sinking Account Payments in the same year shall be treated as separate maturities. When used with respect to the payment or purchase of a portion of Bonds, “Proportionate Basis” shall have the same meaning set forth above except that “pay” or “purchase” shall be substituted for “redeem” or “redemption” and “paid” or “purchased” shall be substituted for “redeemed.”

**Purchase Fund** means a fund by that name established to hold funds to be applied to pay the purchase price of a Series of Bonds, which fund shall be established pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**Rating Agency** means, as and to the extent applicable to a Series of Bonds, each of Fitch, Moody’s and Standard & Poor’s then maintaining a rating on such Series of Bonds at the request of the Commission.

**Rating Category** means: (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

**Rebate Fund** means that fund by that name established pursuant to the Indenture.

**Rebate Instructions** means, with respect to any Series of Bonds, those calculations and directions required to be delivered to the Trustee by the Commission pursuant to the Tax Certificate delivered in connection with such Series of Bonds.

**Rebate Requirement** means, with respect to any Series of Bonds, the Rebate Requirement determined in accordance with the Tax Certificate delivered in connection with such Series of Bonds.

**Record Date** means, with respect to the 2010 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 Date means the date fixed for redemption of Bonds of a Series subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Fund means the fund by that name established pursuant to the Indenture.

Redemption Price means, with respect to any Bond (or portion thereof) the Bond Obligation of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

Reference Treasury Dealer means a primary United States Government securities dealer appointed by the Commission and reasonably acceptable to the Designated Banking Institution.

Refunding Bonds means a Series of Bonds or a portion of a Series of Bonds issued pursuant to the provisions of the Indenture described below under the caption “Issuance of Refunding Bonds.”

Repositories means the public or private entities designated as Repositories in a Continuing Disclosure Agreement entered into in connection with a Series of Bonds.

Reserve Facility means any insurance policy, letter of credit or surety bond issued by a Reserve Facility Provider, meeting the requirements set forth in the Indenture described below under the caption “Funding and Application of Bond Reserve Funds,” and delivered to the Trustee in satisfaction of all or a portion of the Bond Reserve Requirement applicable to one or more Series of Bonds.

Reserve Facility Provider means any issuer of a Reserve Facility.

Revenue Fund means the Revenue Fund established pursuant to the Indenture.

Revenues means: (i) all Sales Tax Revenues; and (ii) all Swap Revenues. In accordance with the provisions of the Indenture described below under the caption “Issuance of Additional Bonds,” the Commission by Supplemental Indenture may provide for additional revenues or assets of the Commission to be included in the definition of Revenues under the Indenture.

Rule 15c2-12 means Securities and Exchange Commission Rule 15c2-12, as supplemented and amended from time to time.

Sales Tax Extension Ordinance means the San Diego Transportation Program Ordinance and Expenditure Plan, adopted by the Commission on May 28, 2004, and approved by at least two-thirds of electors voting on such proposition in the November 2, 2004 election.

Sales Tax Revenues means 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 Act and the Ordinance 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 Act.

Securities Depository means DTC, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depository, or no such depositories, as the Commission may designate in a Request of the Commission delivered to the Trustee.

Serial Bonds means Bonds, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.
Series, whenever used in the Indenture with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as in the Indenture provided.

SIFMA Swap Index means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date.

Sinking Account means an account by that name established in the Principal Fund for the payment of Term Bonds.

Standard & Poor’s or S&P means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Commission.

State means the State of California.

State Board of Equalization means the California State Board of Equalization.

Subordinate Indenture means the Amended and Restated Subordinate Indenture, dated as of November 1, 2005, between the Commission and U.S. Bank National Association, as trustee, as supplemented and amended from time to time pursuant to its terms.

Subordinate Obligations means the Existing Notes, any other obligations of the Commission that constitute “Parity Debt” under and as defined in the Subordinate Indenture, and any other obligations of the Commission issued or incurred in accordance with the provisions of the Indenture described in paragraph (D) under the caption “Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Parity Obligations; Subordinate Obligations” set forth below.

Subordinate Obligations Fund means the fund by that name established pursuant to the Indenture.

Subordinate Trustee means U.S. Bank National Association, as trustee under the Subordinate Indenture, and its successors and assigns.

Subsidy Payments means payments to be made by the United States Treasury to the Trustee pursuant to Section 54AA of the Code or Section 6431 of the Code or any successor to either of such provisions of the Code and with respect to the interest due on a Series of taxable Bonds that have been accorded Build America Bonds status under the provisions of the American Recovery and Reinvestment Act of 2009 or any successor thereto or replacement thereof.

Supplemental Indenture means any indenture duly executed and delivered, supplementing, modifying or amending the Indenture, but only if and to the extent that such supplemental indenture is authorized specifically under the Indenture.
**Swap Revenues** means all regularly-scheduled amounts (but not termination payments) owed or paid to the Commission by any 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 Counterparty under such Interest Rate Swap Agreement.

**Tax Certificate** means each Tax Certificate delivered by the Commission at the time of issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

**Tax Expiration Date** means March 31, 2048 or such later date to which the levy of the retail transactions and use tax is extended in accordance with the Act and the Ordinance.

**Tax Law Change** means legislation has been enacted by the Congress of the United States or passed by either House of the Congress, or a decision has been rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement has been made by or on behalf of the Treasury Commission of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which, as reasonably determined by the Commission, would be to suspend, reduce or terminate the Subsidy Payments from the United States Treasury to the Commission with respect to the 2010 Series A Bonds, or payments to state or local government issuers generally with respect to obligations of the general character of, and issued in the same calendar year as, the 2010 Series A Bonds; provided, that such suspension, reduction or termination of the Subsidy Payments is not due to a failure by the Commission to comply with the requirements under the Code to receive such Subsidy Payments.

**Term Bonds** means Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

**Third Supplemental Indenture** means the Third Supplemental Indenture, between the Commission and the Trustee, as amended and supplemented from time to time.

**Trustee** means 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, or its successor, as Trustee as provided in the Indenture.


**2008 Bonds Reserve Fund** means the fund by that name established pursuant to the provisions of the Indenture.

**2008 Bonds Reserve Requirement** means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the principal amount of the 2008 Reserve Fund Eligible Bonds (or if the amount of original issue discount or original issue premium applicable to the 2008 Reserve Fund Eligible Bonds exceeds two percent (2%), ten percent (10%) of the issue price of the 2008 Reserve Fund Eligible Bonds), (ii) one hundred twenty-five percent (125%) of average Annual Debt Service on the Outstanding 2008 Reserve Fund Eligible Bonds, and (iii) fifty percent (50%) of Maximum Annual Debt Service on the Outstanding 2008 Reserve Fund Eligible Bonds.
**2008 Liquidity Facility** means, with respect to the 2008 Series A Bonds and the 2008 Series B Bonds, the Standby Bond Purchase Agreement, dated as of March 1, 2008, between the Commission and JP Morgan Chase Bank, N.A., as supplemented and amended pursuant to its terms, or any agreement pursuant to which an Alternate Liquidity Facility is provided with respect to the 2008 Series A Bonds and 2008 Series B Bonds, and means, with respect to the 2008 Series C Bonds and 2008 Series D Bonds, the Standby Bond Purchase Agreement, dated as of March 1, 2008, between the Commission and Dexia Credit Local, acting through its New York Branch, as supplemented and amended pursuant to its terms, or any agreement pursuant to which an Alternate Liquidity Facility is provided with respect to the 2008 Series C Bonds and 2008 Series D Bonds, in each case according to the provisions of the Indenture.

**2008 Liquidity Facility Bonds** means Liquidity Facility Bonds consisting of any 2008 Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a 2008 Liquidity Facility as provided in the Indenture, but excluding any Bonds no longer considered to be 2008 Liquidity Facility Bonds in accordance with the terms of the applicable 2008 Liquidity Facility and the provisions of the Indenture.

**2008 Liquidity Facility Purchase Account** means, as applicable, the 2008 Series A Liquidity Facility Purchase Account, the 2008 Series B Liquidity Facility Purchase Account, the 2008 Series C Liquidity Facility Purchase Account or the 2008 Series D Liquidity Facility Purchase Account, within the 2008 Bonds Purchase Fund established pursuant to the provisions of the Indenture.

**2008 Liquidity Provider** means, with respect to the 2008 Series A Bonds and 2008 Series B Bonds, JP Morgan Chase Bank, N.A., and means, with respect to the 2008 Series C Bonds and 2008 Series D Bonds, Dexia Credit Local, acting through its New York Branch, or any commercial bank or other financial institution providing an Alternate Liquidity Facility as requested by the Commission in replacement of or substitution for a 2008 Liquidity Facility provided with respect to the 2008 Series A Bonds, the 2008 Series B Bonds, the 2008 Series C Bonds or the Series 2008 D Bonds.

**2008 Reserve Fund Eligible Bonds** means the 2008 Bonds and any other Series of additional Bonds or Refunding Bonds or portions thereof (in each case, payable on a parity with the 2008 Bonds from, and secured as to payment on a parity with the 2008 Bonds by, the Revenues and other funds described in the Indenture) issued and designated, by a Supplemental Indenture adopted by the Commission, to be secured by and entitled to the pledge and benefit of the 2008 Bonds Reserve Fund; provided, that no Bond or Series of Bonds shall hereafter be so designated unless, upon the issuance of such Bond or Series of Bonds and after giving effect to such issuance, the amount then on deposit in the 2008 Bonds Reserve Fund will at least equal the 2008 Bonds Reserve Requirement.

**2008 Series A Bonds** shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, authorized by Article XIV of the Indenture.

**2008 Series B Bonds** shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series B, authorized by Article XIV of the Indenture.

**2008 Series C Bonds** shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series C, authorized by Article XIV of the Indenture.

2010 Bonds means, collectively, the 2010 Series A Bonds and the 2010 Series B Bonds.


2010 Costs of Issuance Account means the 2010 Costs of Issuance Account established pursuant to the Indenture.

2010 Project Fund means the 2010 Project Fund established pursuant to the Indenture.

2010 Series A Bonds shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds), authorized by the Indenture.

2010 Series B Bonds shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds), authorized by the Indenture.

Pledge of Revenues; Revenue Fund

As security for the payment of all amounts owing on the Bonds and Parity Obligations, there are irrevocably pledged to the Trustee: (i) all Revenues; and (ii) all amounts, including proceeds of the Bonds, held on deposit in the funds and accounts established under the Indenture (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The collateral identified above shall immediately be subject to the pledge described above, and such pledge shall constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Commission and all others asserting the rights therein, to the extent set forth, and in accordance with, the Indenture irrespective of whether those parties have notice of such pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of Revenues and all amounts held on deposit in the funds and accounts established under the Indenture (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund) shall be irrevocable until all of the Bonds, all Parity Obligations and amounts owed in connection with the Bonds and Parity Obligations are no longer Outstanding.

All Bonds and Parity Obligations shall be of equal rank without preference, priority or distinction of any Bonds and Parity Obligations over any other Bonds and Parity Obligations.

As long as any Bonds are Outstanding or any Parity Obligations remain unpaid, the Commission assigns and shall cause Sales Tax Revenues to be transmitted by the State Board of Equalization directly to the Trustee. The Trustee shall forthwith deposit in a trust fund, designated as the “Revenue Fund,” which fund the Trustee shall establish and maintain, all Sales Tax Revenues, when and as received by the Trustee. The Sales Tax Revenues shall be received and held in trust by the Trustee for the benefit of the Holders of the Bonds and the Parity Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture. Investment income on amounts held by the Trustee under the Indenture (other than amounts held in the Rebate Fund or for which particular instructions, such
as with respect to a Project Fund, a Letter of Credit Account or a Purchase Fund, are provided in a Supplemental Indenture, shall also be deposited in the Revenue Fund. All moneys at any time held in the Revenue Fund shall be held in trust for the benefit of the Holders of the Bonds and the holders of Parity Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

The Bonds are limited obligations of the Commission and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the Sales Tax Revenues and other funds pledged under the Indenture.

Allocation of Sales Tax Revenues

So long as any Bonds are Outstanding and Parity Obligations, Subordinate Obligations, and all other amounts payable under the Indenture 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 Bonds and, as and to the extent applicable, the holders of Parity Obligations) 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 Parity Obligations as provided in the proceedings for such Parity Obligations delivered to the Trustee (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 Bonds and such Parity Obligations):

Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the Interest Fund as soon as practicable in such month an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of any Series of 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 Outstanding Current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) is on deposit in such fund; provided that, from the date of delivery of a Series of Current Interest Bonds until the first Interest Payment Date with respect to such Series of Bonds until the first Interest Payment Date with respect to such Series of Bonds, 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 said Interest Payment Date with respect to such 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 in writing by the Commission, or if the Commission shall not have specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one percent (1%) (provided, however, that the amount of such deposit into the Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Interest Fund for any month shall be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Variable Rate Indebtedness). No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all
of the Bonds issued under the Indenture and then Outstanding and on April 1 and October 1 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Bonds having Interest Payment Dates other than April 1 and October 1) shall be transferred to the Commission (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates). All Swap Revenues received with respect to the Interest Rate Swap Agreements that are Parity Obligations shall be deposited in the Interest Fund and credited to the above-required deposits.

**Principal Fund; Sinking Accounts.** Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the Principal Fund as soon as practicable in such month 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. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

In the event that the Sales Tax Revenues shall not be sufficient to make the required deposits so that moneys in the Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate Basis and in such proportion as said Serial Bonds and said Term Bonds shall bear to each other, after first deducting for such purposes from said Term Bonds any of said Term Bonds required to be redeemed annually as shall have been redeemed or purchased during the preceding 12-month period and any of said Term Bonds required to be redeemed semiannually as shall have been redeemed or purchased during the six-month period ending on such date or the immediately preceding six month period. In the event that 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 shall be made on a Proportionate Basis, in the same 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 shall be in such fund (i) moneys sufficient to pay the Bond Obligations of all Serial Bonds issued under the Indenture and 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. 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 any excess amounts in the Principal Fund not needed to pay principal on such date (and not held to pay principal on Bonds having principal payment dates other than April 1) shall be transferred to the Commission.

**Bond Reserve Fund.** Upon the occurrence of any deficiency in any Bond Reserve Fund, the Trustee shall make such deposit to such Bond Reserve Fund as is required pursuant to the provisions of the Indenture described below under the caption “Funding and Application of Bond Reserve Funds,” each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement.

**Subordinate Obligations Fund.** The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Subordinate Obligations Fund.” As long as any Subordinate Obligations remain unpaid, any Revenues remaining in the Revenue Fund, after the transfers to the Interest Fund, the Principal Fund and the Bond Reserve Funds described above have been made, shall be transferred on the same Business Day to the Subordinate Trustee. After the Subordinate Trustee has made the required deposit of Revenues under the Subordinate Indenture, the Subordinate Trustee shall transfer any remaining Revenues back to the Trustee.

**Fees and Expenses Fund.** The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Fees and Expenses Fund.” At the direction of the Commission, after the transfers to the Interest Fund, the Principal Fund, the Bond Reserve Fund and the Subordinate Obligations Fund described above have been made, the Trustee shall deposit as soon as practicable in each month in the Fees and Expenses Fund (i) amounts necessary for payment of fees, expenses and similar charges (including fees, expenses and similar charges relating to any Liquidity Facility or Credit Enhancement for the Bonds or any Parity Obligations) owing in such month or following month by the Commission in connection with the Bonds or any Parity Obligations and (ii) 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. The Commission shall inform the Trustee of such amounts, in writing, on or prior to the first Business Day of each month.

Any Revenues remaining in the Revenue Fund after the foregoing transfers in the funds and accounts described above, except as the Commission shall otherwise direct in writing or as is otherwise provided in a Supplemental Indenture, shall be transferred to the Commission on the same Business Day or as soon as practicable thereafter. The Commission may use and apply the Revenues when received by it for any lawful purpose of the Commission, including the redemption of Bonds upon the terms and conditions set forth in the Supplemental Indenture relating to such Bonds and the purchase of Bonds as and when and at such prices as it may determine.

If five (5) 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 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 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.

Establishment and Application of Funds and Accounts

Each of the funds and accounts described below is established pursuant to the Indenture.

**Interest Fund.** All amounts in the Interest Fund shall be used and withdrawn by the Trustee
solely for the purposes of: (a) paying interest on the Bonds as it shall become due and payable (including
accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture), or for
reimbursing the Credit Provider for a drawing for such purposes made on Credit Enhancement provided
in the form of an irrevocable, direct-pay letter of credit, and (b) making periodic payments on Interest
Rate Swap Agreements, as provided pursuant to the provisions of the Indenture described below under the
caption “Payment Provisions Applicable to Interest Rate Swap Agreements”.

**Principal Fund.** All amounts in the Principal Fund shall be used and withdrawn by the Trustee
solely for the purposes of paying the Bond Obligation of the Bonds when due and payable, except that all
amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or
redeem or pay at maturity Term Bonds, as provided in the Indenture, or for reimbursing the Credit
Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an
irrevocable, direct-pay letter of credit.

The Trustee shall establish and maintain within the Principal Fund a separate account for the
Term Bonds of each Series and maturity, designated as the “_____ Sinking Account,” inserting therein
the Series and maturity designation of such Bonds. On or before the Business Day prior to any date upon
which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such
Mandatory Sinking Account Payment (being the principal thereof, in the case of Current Interest Bonds,
and the Accreted Value, in the case of Capital Appreciation Bonds) from the Principal Fund to the
applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account
Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking
Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of
Term Bonds of such Series and maturity for which such Sinking Account was established, in the manner
provided in the Indenture or the Supplemental Indenture pursuant to which such Series of Bonds was
created; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon
receipt of a Request of the Commission, apply moneys in such Sinking Account to the purchase of Term
Bonds of such Series and maturity at public or private sale, as and when and at such prices (including
brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as
is directed by the Commission, except that the purchase price (excluding accrued interest, in the case of
Current Interest Bonds) shall not exceed the principal amount or Accreted Value thereof. If, during the
12-month period (or six-month period with respect to Bonds having semi-annual Mandatory Sinking
Account Payments) immediately preceding said Mandatory Sinking Account Payment date, the Trustee
has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during
said period and prior to giving said notice of redemption, the Commission has deposited Term Bonds of
such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at any time
purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory
Sinking Account Payment, such Term Bonds so purchased or deposited or redeemed shall be applied, to
the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All
Term Bonds purchased or deposited pursuant to the provisions of the Indenture described herein shall be
cancelled by the Trustee and destroyed by the Trustee and a certificate of destruction shall be delivered to
the Commission by the Trustee. Any amounts remaining in a Sinking Account on April 1 of each year
following the redemption as of such date of the Term Bonds for which such account was established shall be withdrawn by the Trustee and transferred as soon as practicable to the Commission to be used for any lawful purpose. All Term Bonds purchased from a Sinking Account or deposited by the Commission with the Trustee in a twelve month period ending March 31 (or in a six-month period ending March 31 or September 30 with respect to Bonds having semi-annual Mandatory Sinking Account Payments) and prior to the giving of notice by the Trustee for redemption from Mandatory Sinking Account Payments for such period shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Term Bonds, if any, occurring on the next April 1 or October 1, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Commission. All Term Bonds redeemed by the Trustee from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Commission.

**Funding and Application of Bond Reserve Funds.** The Commission may at its sole discretion at the time of issuance of any Series of Bonds or at any time thereafter by Supplemental Indenture provide for the establishment of a Bond Reserve Fund as additional security for a Series of Bonds. Any Bond Reserve Fund so established by the Commission shall be available to secure one or more Series of Bonds as the Commission shall determine and shall specify in the Supplemental Indenture establishing such Bond Reserve Fund or, if the Supplemental Indenture establishing any Bond Reserve Fund also establishes a pooled Bond Reserve Requirement that is applicable to an initial Series of Bonds together with any one or more subsequently-issued eligible Series of Bonds with the same pooled Reserve Requirement, in subsequent Supplemental Indenture. Any Bond Reserve Fund established by the Commission shall be held by the Trustee and shall comply with the requirements of the Indenture described under this caption.

In lieu of making the Bond Reserve Requirement deposit applicable to one or more Series of Bonds in cash or in replacement of moneys then on deposit in any Bond Reserve Fund (which shall be transferred by the Trustee to the Commission), or in substitution of any Reserve Facility comprising part of the Bond Reserve Requirement relating to one or more Series of Bonds, the Commission may, at any time and from time to time, deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated at the time of delivery of such letter of credit in one of the two highest Rating Categories of both Moody’s and Standard & Poor’s, in an amount, which, together with cash, Investment Securities or other Reserve Facilities, as described in the paragraph below, then on deposit in such Bond Reserve Fund, will equal the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates. Such letter of credit shall have a term no less than three (3) years or, if less, the final maturity of the Bonds in connection with which such letter of credit was obtained and shall provide by its terms that it may be drawn upon as provided in this caption. At least one (1) year prior to the stated expiration of such letter of credit, the Commission shall either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least one (1) additional year or, if less, the final maturity of the Bonds in connection with which such letter of credit was obtained, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of the Indenture described in the paragraph below. Upon delivery of such replacement Reserve Facility, the Trustee shall deliver the then-effective letter of credit to or upon the order of the Commission. If the Commission shall fail to deposit a replacement Reserve Facility with the Trustee, the Commission shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates will be on deposit in such Bond Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates as of the date following the expiration of the letter of credit is not on deposit in such Bond Reserve Fund one (1) week prior to the expiration date of the letter of credit (excluding from such determination the letter of credit), the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in such Bond Reserve Fund.
In lieu of making a Bond Reserve Requirement deposit in cash or in replacement of moneys then on deposit in a Bond Reserve Fund (which shall be transferred by the Trustee to the Commission) or in substitution of any Reserve Facility comprising part of a Bond Reserve Requirement for any Bonds, the Commission may, at any time and from time to time, deliver to the Trustee a surety bond or an insurance policy securing an amount which, together with moneys, Investment Securities, or other Reserve Facilities then on deposit in a Bond Reserve Fund, is no less than the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates. Such surety bond or insurance policy shall be issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company’s insurance policies) are rated at the time of delivery in one of the two highest Rating Categories of both Moody’s and Standard & Poor’s. Such surety bond or insurance policy shall have a term of no less than the final maturity of the Bonds in connection with which such surety bond or insurance policy is obtained. In the event that such surety bond or insurance policy for any reason lapses or expires, the Commission shall immediately implement (i) or (iii) of the preceding paragraph or make twelve equal monthly deposits to such Bond Reserve Fund so that the Bond Reserve Fund is replenished to the required level after a year.

Subject to the provisions of the Indenture described in the final paragraph under this caption, all amounts in any Bond Reserve Fund (including all amounts which may be obtained from a Reserve Facility on deposit in such Bond Reserve Fund) shall be used and withdrawn by the Trustee; (i) for the purpose of making up any deficiency in the Interest Fund or the Principal Fund relating to the Bonds of the Series to which such Bond Reserve Fund relates; or (ii) together with any other moneys available therefor, (x) for the payment or redemption of all Bonds then Outstanding of the Series to which such Bond Reserve Fund relates, (y) for the defeasance or redemption of all or a portion of the Bonds then Outstanding of the Series to which such Bond Reserve Fund relates, provided, however, that if funds on deposit in any Bond Reserve Fund are applied to the defeasance or redemption of a portion of the Series of Bonds to which such Bond Reserve Fund relates, the amount on deposit in the Bond Reserve Fund immediately subsequent to such partial defeasance or redemption shall equal the Bond Reserve Requirement applicable to all Bonds of such Series Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the Bonds of such Series. Unless otherwise directed in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, the Trustee shall apply amounts held in cash or Investment Securities in any Bond Reserve Fund prior to applying amounts held in the form of Reserve Facilities in any Bond Reserve Fund, and if there is more than one Reserve Facility being held on deposit in any Bond Reserve Fund, shall on a pro rata basis with respect to the portion of a Bond Reserve Fund held in the form of a Reserve Facility (calculated by reference to the maximum amount of such Reserve Facility), draw under each Reserve Facility issued with respect to such Bond Reserve Fund, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the Bond Obligation of, Mandatory Sinking Account Payments with respect to, and interest on the Bonds of the Series to which such Bond Reserve Fund relates when due. In the event that the Trustee has notice that any payment of principal of or interest on a Bond has been recovered from a Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, pursuant to the terms of, and if so provided by, the terms of the Reserve Facility, if any, securing the Bonds of such Series, shall so notify the issuer thereof and draw on such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility in order to pay to such Holders the principal and interest so recovered.

The Trustee shall notify the Commission of any deficiency in any Bond Reserve Fund (i) due to a withdrawal from such Bond Reserve Fund for purposes of making up any deficiency in the Interest Fund or the Principal Fund relating to the Bonds of the Series to which such Bond Reserve Fund relates or (ii) resulting from a valuation of Investment Securities held on deposit in such Bond Reserve Fund pursuant
to the provisions of the Indenture described below under the caption “Investment in Funds and Accounts” and shall request that the Commission replenish such deficiency or repay any and all obligations due and payable under the terms of any Reserve Facility comprising part of any Bond Reserve Requirement. Upon receipt of such notification from the Trustee, the Commission shall instruct the Trustee to commence setting aside in each month following receipt of Sales Tax Revenues for deposit in the applicable Bond Reserve Fund an amount equal to one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal from such Bond Reserve Fund or decrease resulting from a valuation of Investment Securities and shall further instruct the Trustee to transfer to each Reserve Facility Provider providing a Reserve Facility satisfying a portion of the Bond Reserve Requirement relating to the Bonds of the Series to which such Bond Reserve Fund relates, an amount equal to one-twelfth (1/12th) of the aggregate amount of any unreplenished prior withdrawal on such Reserve Facility, such amount to be transferred by the Trustee as promptly as possible after receipt of the Sales Tax Revenues each month, commencing with the month following the Commission’s receipt of notification from the Trustee of withdrawal or decrease resulting from a valuation, as applicable, until the balance on deposit in such Bond Reserve Fund is at least equal to the Bond Reserve Requirement relating to the Bonds of the Series to which such Bond Reserve Fund relates.

Unless the Commission shall otherwise direct in writing, any amounts in any Bond Reserve Fund in excess of the Bond Reserve Requirement relating to the Bonds of the Series to which such Bond Reserve Fund relates shall be transferred by the Trustee to the Commission on the Business Day following October 1 of each year; provided that such amounts shall be transferred only from the portion of such Bond Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in any Bond Reserve Fund shall be transferred by the Trustee to the Commission upon the defeasance, retirement or refunding of all Bonds of the Series to which such Bond Reserve Fund relates or upon the replacement of cash on deposit in such Bond Reserve Fund with one or more Reserve Facilities in accordance with the provisions of the Indenture described above. The Bond Reserve Requirement shall be calculated upon the issuance or retirement of a Series of Bonds or upon the defeasance of all or a portion of a Series of Bonds.

Subordinate Obligations Fund. All moneys in the Subordinate Obligations Fund shall be applied to the payment of principal of and interest on Subordinate Obligations in accordance with the Indenture.

Fees and Expenses Fund. All amounts in the Fees and Expenses Fund shall be used and withdrawn by the Trustee solely for the purpose of paying fees, expenses and similar charges owed by the Commission in connection with the Bonds or any Parity Obligations or Subordinate Obligations as such amounts shall become due and payable.

Redemption Fund. The Trustee shall establish, maintain and hold in trust a special fund designated as the “Redemption Fund.” All moneys deposited by the Commission with the Trustee for the purpose of optionally redeeming Bonds of any Series shall, unless otherwise directed by the Commission, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds of such Series and maturity as shall be specified by the Commission in a Request to the Trustee, in the manner, at the times and upon the terms and conditions specified in the Supplemental Indenture pursuant to which the Series of Bonds was created; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the Commission, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding, in the case of Current Interest Bonds, accrued interest, which is payable from the Interest Fund) as is directed by the Commission, except that the purchase price (exclusive of any accrued interest) may not exceed the Redemption Price or Accreted Value then applicable to such Bonds. All Term Bonds purchased or
redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Term Bonds as may be specified in a Request of the Commission.

Rebate Fund. Upon receipt of funds to be applied to the Rebate Requirement, the Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate as directed in writing by the Commission. Subject to the transfer provisions provided in the Indenture, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the 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 Rebate Fund shall be governed by the Indenture and by the applicable Tax Certificates. The Commission covenants to comply with the directions contained in each Tax Certificate and the Trustee covenants to comply with all written instructions of the Commission delivered to the Trustee pursuant to each Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and shall not require the Trustee to make any calculations with respect thereto).

Payment Provisions Applicable to Interest Rate Swap Agreements

The Initial Swaps have been entered into by the Commission with respect to the 2008 Bonds and the obligation of the Commission to make payments required under the Initial Swaps (excluding fees and expenses and termination payments under the Initial Swaps) constitutes a Parity Obligation under the Indenture and shall be payable from the Interest Fund. In the event the Commission shall enter into an Interest Rate Swap Agreement in connection with a Series of Bonds other than the Initial Swaps, the amounts received by the Commission, if any, pursuant to such Interest Rate Swap Agreement may be applied to the deposits required under the Indenture. If the Commission so designates in a Supplemental Indenture establishing the terms and provisions of such Series of Bonds (or if such Interest Rate Swap Agreement is entered into subsequent to the issuance of such Series of Bonds, if the Commission so designates in a Certificate of the Commission delivered to the Trustee concurrently with the execution of such Interest Rate Swap Agreement) amounts payable under such Interest Rate Swap Agreement (excluding termination payments and payments of fees and expenses incurred in connection with Interest Rate Swap Agreements which shall in all cases be payable from, and secured by, Sales Tax Revenues on a subordinate basis to Bonds, Parity Obligations and payment of principal of and interest on Subordinate Obligations) shall constitute Parity Obligations under the Indenture, and, in such event, the Commission shall pay or cause to be paid to the Trustee for deposit in the Interest Fund, at the times and in the manner provided in the Indenture, the amounts to be paid pursuant to such Interest Rate Swap Agreement, as if such amounts were additional interest due on the Series of Bonds with respect to which such Interest Rate Swap Agreement was entered into.

Investment in Funds and Accounts

All moneys in any of the funds and accounts held by the Trustee and established pursuant to the Indenture shall be invested, as directed by the Commission, solely in Investment Securities, subject to the limitations set forth in the Indenture. If and to the extent the Trustee does not receive investment instructions from the Commission with respect to the moneys in the funds and accounts held by the Trustee pursuant to the Indenture, such moneys shall be invested in Investment Securities described in
clause (12) of the definition thereof and the Trustee shall thereupon request investment instructions from the Commission for such moneys.

Moneys in any Bond Reserve Fund shall be invested in Investment Securities available on demand for the purpose of payment of the Bonds to which such Bond Reserve Fund relates as provided in the Indenture. Moneys in the remaining funds and accounts shall be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

Unless otherwise provided in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds: (i) all interest, profits and other income received from the investment of moneys in the Interest Fund representing accrued interest or capitalized interest shall be retained in the Interest Fund; (ii) all interest, profits and other income received from the investment of moneys in a Bond Reserve Fund shall be retained in such Bond Reserve Fund to the extent of any deficiency therein, and otherwise shall be transferred to the Revenue Fund; (iii) all interest, profits and other income received from the investment of moneys in a Costs of Issuance Fund shall be transferred to the Revenue Fund; (iv) all interest, profits and other income received from the investment of moneys in a Project Fund shall be retained in such Project Fund, unless the Commission shall direct that such earnings be transferred to the Rebate Fund; (v) all interest, profits and other income received from the investment of moneys in the Rebate Fund shall be retained in the Rebate Fund, except as otherwise provided in the Indenture; (vi) all interest, profits and other income received from the investment of moneys in any Purchase Fund shall be retained in such Purchase Fund; and (vii) all interest, profits and other income received from the investment of moneys in any other fund or account shall be transferred to the Revenue Fund.

All Investment Securities credited to any Bond Reserve Fund shall be valued (at market value) as of April 1 and October 1 of each year (or the next succeeding Business Day if such day is not a Business Day), such market value to be determined by the Trustee in the manner then currently employed by the Trustee or in any other manner consistent with corporate trust industry standards. Notwithstanding anything to the contrary in the Indenture, in making any valuations of investments under the Indenture, the Trustee may utilize and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system.

The Trustee may commingle any of the funds or accounts established pursuant to the Indenture (except the Rebate Fund and any Purchase Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee under the Indenture shall be accounted for separately as required by the Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the Commission may impose its customary charge therefor. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the provisions of the Indenture.

**Issuance of Additional Bonds and Other Obligations**

**Issuance of Additional Bonds.** The Commission may by Supplemental Indenture establish one or more additional Series of Bonds, payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with Bonds previously issued, and the Commission may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the Commission, but only upon compliance by the Commission with the provisions of the Indenture described under this caption and
described below under the caption “Proceedings for Issuance of Additional Bonds” and with any additional requirements set forth in said Supplemental Indenture and subject to the specific conditions set forth below, each of which is a condition precedent to the issuance of any such additional Series of Bonds.

(A) No Event of Default shall have occurred and then be continuing.

(B) Subject to the provisions of the Indenture described above under the caption “Funding and Application of Bond Reserve Funds,” in the event a Supplemental Indenture providing for the issuance of such Series shall require 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 be increased, forthwith upon the receipt of the proceeds of the sale of such Series, to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by such Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds, the Supplemental Indenture providing for the issuance of such additional Series of Bonds shall require deposit of the amount necessary. Said deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series of Bonds and may be made from the proceeds of the sale of such Series of Bonds or from other funds of the Commission or from both such sources or may be made in the form of a Reserve Facility.

(C) The aggregate principal amount of Bonds issued under the Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(D) The Commission shall place 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 Bonds will become Outstanding shall have been at least equal to 1.3 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based.

(E) Principal payments of each additional Series of Bonds shall be due on April 1 or October 1 in each year in which principal is to be paid if and to the extent deemed practical in the reasonable judgment of the Commission with regard to the type of Bond to be issued, and, if the interest on such Series of Bonds is to be paid semiannually, such interest payments shall be due on April 1 and October 1 in each year to the extent deemed practical in the reasonable judgment of the Commission with regard to the type of Bond to be issued.

Nothing in the Indenture shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Bonds from 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 Bonds or any portion thereof.

In the event additional assets or revenues are included within the definition of “Revenues” by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations to be provided pursuant to the provisions of the Indenture described in paragraph (D) above as if such additional assets or revenues had always been included in “Revenues.”

Proceedings for Issuance of Additional Bonds. Before any additional Series of Bonds shall be issued and delivered, the Commission shall file each of the documents identified below with the Trustee
(upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Bonds have been satisfied).

(A) A Supplemental Indenture authorizing such Series executed by the Commission.

(B) A Certificate of the Commission certifying: (i) that no Event of Default has occurred and is then continuing; and (ii) that the requirements of the Indenture described in paragraphs (B) and (C) under the caption “Issuance of Additional Bonds” have been satisfied by the Commission.

(C) A Certificate of the Commission certifying (on the basis of computations made no later than the date of sale of such Series of Bonds) that the requirement of the Indenture described in paragraph (D) under the caption “Issuance of Additional Bonds” is satisfied.

(D) An Opinion of Bond Counsel to the effect that the Supplemental Indenture is being entered into in accordance with the Indenture and that such Series of Bonds, when duly executed by the Commission and authenticated and delivered by the Trustee, will be valid and binding obligations of the Commission.

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the Commission without compliance with the provisions of the Indenture described in paragraph (D) above under the caption “Issuance of Additional Bonds” and in paragraph (C) above under the caption “Proceedings for Issuance of Additional 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. Such Refunding Bonds may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following:

1. the principal or Redemption Price of the Outstanding Bonds or outstanding Parity Obligations to be refunded;

2. all expenses incident to the calling, retiring or paying of such Outstanding Bonds or outstanding Parity Obligations and the Costs of Issuance of such Refunding Bonds;

3. any termination payment owed by the Commission to a Counterparty after offset for any payments made to the Commission from such Counterparty under any Interest Rate Swap Agreement that was entered into in connection with the Bonds or Parity Obligations to be refunded;

4. interest on all Outstanding Bonds or outstanding Parity Obligations to be refunded to the date such Bonds or Parity Obligations will be called for redemption or paid at maturity;

5. interest on the Refunding Bonds from the date thereof to the date of payment or redemption of the Bonds or Parity Obligations to be refunded; and
(6) funding a Bond Reserve Fund for the Refunding Bonds, if required.

Before such Series of Refunding Bonds shall be issued and delivered pursuant to the provisions of the Indenture described under this caption, the Commission shall file each of the documents identified below with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Refunding Bonds have been satisfied).

(1) A Supplemental Indenture authorizing such Series of Refunding Bonds executed by the Commission.

(2) A Certificate of the Commission certifying: (i) that Maximum Annual Debt Service on all Bonds and Parity Obligations which will be outstanding following the issuance of such Series of Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and Parity Obligations outstanding prior to the issuance of such Refunding Bonds or 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; and (ii) that the requirements of the Indenture described in paragraphs (A), (B), and (C) under the caption “Issuance of Additional Bonds” are satisfied.

(3) If any of the Bonds to be refunded are to be redeemed prior to their stated maturity dates, irrevocable instructions to the Trustee to give the applicable notice of redemption or a waiver of the notice of redemption signed by the Holders of all or the portion of the Bonds or Parity Obligations to be redeemed, or proof that such notice has been given by the Commission; provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the Commission may cause to be deposited with the Trustee all of the Bonds and Parity Obligations proposed to be redeemed (whether canceled or uncanceled) with irrevocable instructions to the Trustee to cancel said Bonds or Parity Obligations so to be redeemed upon the exchange and delivery of said Refunding Bonds.

(4) An Opinion of Bond Counsel to the effect that the Supplemental Indenture is being entered into in accordance with the Indenture and that such Series of Refunding Bonds, when duly executed by the Commission and authenticated and delivered by the Trustee, will be valid and binding obligations of the Commission.

Limitations on the Issuance of Obligations Payable from Sales Tax Revenues: Parity Obligations; Subordinate Obligations. The Commission will not, so long as any Bonds are Outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from Sales Tax Revenues except the following:

(B) Bonds authorized pursuant to provisions in the Indenture described above under the caption “Issuance of Additional Bonds;”

(C) Refunding Bonds authorized pursuant to the provisions of the Indenture described above under the caption “Issuance of Refunding Bonds;”

(D) Parity Obligations, provided that the following conditions to the issuance or incurrence of such Parity Obligations are satisfied:

(5) Such Parity Obligations have been duly and legally authorized by the Commission for any lawful purpose;
No Event of Default shall have occurred and then be continuing, as evidenced by the delivery of a Certificate of the Commission to that effect, which Certificate of the Commission shall be filed with the Trustee;

Such Parity Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds set forth in the Indenture and described above under the caption “Issuance of Refunding Bonds” or (ii) the Commission shall have placed on file with the Trustee a Certificate of the Commission, upon which the Trustee may conclusively rely certifying (on the basis of calculations made no later than the date of sale or incurrence of such Parity Obligations, as applicable) that the requirements of the Indenture described in paragraph (D) under the caption “Issuance of Additional Bonds” relating to the issuance of an additional Series of Bonds have been satisfied with respect to such Parity Obligations, which Certificate shall also set forth the computations upon which such Certificate is based; and

As and to the extent applicable, the Trustee shall be designated as paying agent or trustee for such Parity Obligations and the Commission shall deliver to the Trustee a transcript of the proceedings providing for the issuance of such Parity Obligations (but the Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Parity Obligations).

Subordinate Obligations that are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Sales Tax Revenues after the prior payment of all amounts then required to be paid under the Indenture from Sales Tax Revenues for principal, premium, interest and reserve fund requirements, if any, for all Bonds Outstanding, and all Parity Obligations outstanding, as the same become due and payable and at the times and in the amounts as required in the Indenture and in the instrument or instruments pursuant to which any Parity Obligations were issued or incurred, provided that the following conditions to issuance or incurrence of such Subordinate Obligations are satisfied:

Such Subordinate Obligations have been duly and legally authorized by the Commission for any lawful purpose;

No Event of Default shall have occurred and then be continuing, as evidenced by the delivery to the Trustee of a Certificate of the Commission to that effect;

Such Subordinate Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds described above under the caption “Issuance of Refunding Bonds” or (ii) the Commission shall deliver to the Trustee a Certificate of the Commission certifying that the lesser of (x) the amounts of Sales Tax Revenues for a period of twelve (12) consecutive months (selected by the Commission) during the eighteen (18) months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (y) the estimated Sales Tax Revenues for the Fiscal Year in which such Subordinate Obligations are to be issued or incurred, shall have been, or will be, as applicable, at least equal to 1.0 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Subordinate Obligations then proposed to be issued or incurred, which Certificate shall also set forth the computations upon which such Certificate is based; and

As and to the extent applicable, the Trustee shall be designated as paying agent or trustee for such Subordinate Obligations and the Commission shall deliver to the Trustee a transcript of the proceedings providing for the issuance of such Subordinate Obligations (but the
Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Subordinate Obligations).

Notwithstanding the foregoing, Existing Notes may continue to be issued and outstanding from time to time under the Subordinate Indenture without complying with the foregoing provisions of (D).

(E) Termination payments and fees and expenses on Interest Rate Swap Agreements, Liquidity Provider or Credit Provider fees and expenses and other obligations that shall be secured by a lien and charge on the Revenues subordinate to the lien and charge upon the Revenues that secures the Bonds, Parity Obligations and payment of principal of and interest on Subordinate Obligations.

(F) The Initial Swaps have been entered into by the Commission and the obligation of the Commission to make payments required under the Initial Swaps (excluding fees and expenses and termination payments under the Initial Swaps) constitutes a Parity Obligation under the Indenture. The obligation of the Commission to pay fees, expenses and termination payments under the Initial Swaps is secured by a lien and charge on the Sales Tax Revenues subordinate to the lien and charge upon the Sales Tax Revenues that secures the Bonds, Parity Obligations and payment of principal of and interest on Subordinate Obligations.

Calculation of Maximum Annual Debt Service with Respect to Bonds and Parity Obligations. For purposes of the Indenture, Maximum Annual Debt Service with respect to Bonds shall be determined no later than the date of delivery of such Bonds, and no earlier than the sixtieth (60th) day preceding the date of pricing or sale of such Bonds, utilizing the assumptions set forth in the definition of Debt Service. For purposes of the Indenture, Maximum Annual Debt Service with respect to Parity Obligations shall be determined no later than the date of incurrence of such Parity Obligations utilizing the assumptions set forth in the definition of Debt Service; provided, however, that if a Parity Obligation is contingent upon funds being provided pursuant to such Parity Obligation to pay principal, or purchase price of, or interest on a Bond, such Parity Obligations shall not be considered outstanding until such payment is made thereunder.

Certain Covenants of the Commission

Punctual Payments. The Commission will punctually pay or cause to be paid the principal or Redemption Price of and interest on all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, and shall punctually pay or cause to be paid all Mandatory Sinking Account Payments, but in each case only out of Revenues as provided in the Indenture.

Against Encumbrances. The Commission will not create or permit to exist any pledge, lien or charge upon any of the Sales Tax Revenues having priority over or having parity with the lien of the Bonds except only as permitted pursuant to the provisions of the Indenture described above under the caption “Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Parity Obligations; Subordinate Obligations”.

Accounting Records and Financial Statements. The Commission will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Revenues. Such books of record and account shall be available for inspection by the Trustee at reasonable hours and under reasonable circumstances.
The Commission will furnish the Trustee, with copies to each Credit Provider and each Liquidity Provider, within two hundred ten (210) days after the end of each Fiscal Year or as soon thereafter as they can practically be furnished, the financial statements of the Commission for such Fiscal Year, together with the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant’s examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of an Authorized Representative stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Commission to cure such default. Thereafter, a copy of such financial statements will be furnished to any Holder upon written request to the Commission, which copy of the financial statements may, at the sole discretion of the Commission, be provided by means of posting such financial statements on an internet site that provides access to the Holders.

Collection of Sales Tax Revenues. The Commission covenants and agrees that it has duly levied a retail transaction and use tax in accordance with the Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Commission. Said Ordinance has not and will not be amended, modified or altered so long as any of the Bonds are Outstanding in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues, and the Commission will continue to levy and collect such retail transactions and use tax to the full amount permitted by law. The Commission further covenants that it has entered into an agreement with the State Board of Equalization under and pursuant to which the State Board of Equalization will process and supervise collection of said retail transactions and use tax and will transmit Sales Tax Revenues directly to the Trustee. Said agreement will be continued in effect so long as any of any Bonds are Outstanding and shall not be amended, modified or altered without the written consent of the Trustee so long as any Bonds are Outstanding. The Commission will receive and hold in trust for (and remit immediately to) the Trustee any Sales Tax Revenues paid to the Commission by the State Board of Equalization.

Sales Tax Revenues received by the Trustee shall be transmitted to the Commission in accordance with the provisions of the Indenture described above under the caption “Allocation of Sales Tax Revenues”; provided that, during the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee shall be applied as described below under the caption “Application of the Revenues and Other Funds After Default; No Acceleration”.

The Commission covenants and agrees to separately account for all Revenues and to provide to the Trustee access to such accounting records at reasonable hours and under reasonable circumstances.

The Commission covenants that so long as the Bonds are Outstanding, it will not, to the best of its ability, suffer or permit any change, modification or alteration to be made to the Act which would materially and adversely affect the rights of Bondholders.

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 Bonds under Section 103 of the Code; provided that, prior to the issuance of any Series of Bonds, the Commission may exclude the application of the covenants contained in this caption “Tax Covenant” and the caption “Rebate Fund” above to such Series of Bonds. The Commission will exclude the 2010 Series A Bonds from these covenants in accordance with the provisions of the Indenture described below under the caption “Tax Covenants for 2010 Series A Bonds.” The Commission will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Commission, or take or omit to take any action that would cause the Bonds 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 Tax Certificate relating to each Series of the Bonds. In the event that at any time the Commission is of the opinion that for purposes of this caption “Tax Covenants” it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture, 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 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 Rebate Requirement with respect to each Series of Bonds at the times and in the amounts determined under and as described in the Tax Certificate executed and delivered in connection with such Series of Bonds.

Notwithstanding any provision of this caption “Tax Covenant” and the caption “Rebate Fund” above and any Tax Certificate, if the Commission shall receive an Opinion of Bond Counsel to the effect that any action required under this caption “Tax Covenant” and the caption “Rebate Fund” above or any 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 Bonds pursuant to Section 103 of the Code, the Commission and the Trustee may rely conclusively on such opinion in complying with the provisions of the Indenture, and the covenants under the Indenture shall be deemed to be modified to that extent.

Notwithstanding any provisions of the Indenture, including particularly Article X, the covenants and obligations set forth in this caption shall survive the defeasance of the Bonds or any Series thereof.

Continuing Disclosure. Upon the issuance of any Series of Bonds requiring an undertaking regarding continuing disclosure under Rule 15c2-12, the Commission covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed and delivered in connection with such Series of Bonds. Notwithstanding any other provision of the Indenture, failure of the Commission to comply with the provisions of any Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter or of the Holders of at least twenty-five (25%) aggregate principal amount of any Series of 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 the Indenture.

Events of Default and Remedies

Events of Default. The following are Events of Default:

(A) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in the redemption from any Sinking Account of any Bonds in the amounts and at the times provided therefor;

(B) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;
(C) if the Commission shall fail to observe or perform any covenant, condition, agreement or provision in the Indenture on its part to be observed or performed, other than as described in subsection (A) or (B) above, 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 or by any Credit Provider; 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;

(D) if any payment default shall exist under any agreement governing any Parity Obligations and such default shall continue beyond the grace period, if any, provided for with respect to such default;

(E) if the Commission files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(F) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the Commission insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Commission, or approving a petition filed against the Commission seeking reorganization of the Commission under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof;

(G) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Commission or of the Sales Tax Revenues, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control; or

(H) if the Legislature of the State shall repeal or amend all or any portion of the provisions of the Act relating to the retail transactions and use tax, being Sections 132301 to 132308, inclusive, of the Public Utilities Code of the State, unless the Commission has reasonably determined that said repeal or amendment does not materially and adversely affect the rights of Bondholders.

**Application of the Revenues and Other Funds After Default; No Acceleration.** If an Event of Default shall occur and be continuing, the Commission shall immediately transfer to the Trustee all Revenues held by it and the Trustee shall apply all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (excluding the Rebate Fund and any Purchase Fund and except as otherwise provided in the Indenture) as follows and in the following order:

(13) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and Parity Obligations, including the costs and expenses of the Trustee and the Bondholders in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under the Indenture;

(14) to the payment of the whole amount of Bond Obligation then due on the Bonds and Parity Obligations (upon presentation of the Bonds and Parity Obligations to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, with interest on such Bond Obligation, at the rate or
rates of interest borne by the respective Bonds and on Parity Obligations, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of any Bonds and Parity Obligations which shall have become due, whether at maturity, by call for redemption or otherwise, in the order of their due dates, with interest on the overdue Bond Obligation and Parity Obligations at the rate borne by the respective Bonds and Parity Obligations, and, if the amount available shall not be sufficient to pay in full all the Bonds and Parity Obligations due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Accreted Value (plus accrued interest) due on such date to the persons entitled thereto, without any discrimination or preference;

(15) to the extent Revenues are available therefor, to be transferred to the trustee for the Subordinate Obligations in the amount necessary for payment of Subordinate Obligations; and

(16) to the payment of all other obligations payable under the Indenture.

Notwithstanding anything in the Indenture to the contrary, in no event are the Bonds subject to acceleration if an Event of Default occurs and is continuing.

**Trustee to Represent Bondholders.** The Trustee is irrevocably appointed (and the successive respective Holders of the 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 Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the 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 Bondholders, the Trustee in its discretion may, and, with respect to any Series of Bonds for which a Credit Enhancement has been provided, upon the written request of the Credit Provider providing such Credit Enhancement, or if such Credit Provider is then failing to make a payment required pursuant to such Credit Enhancement, upon the written request of the Holders of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power in the Indenture granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the Indenture, the Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Sales Tax Revenues and other assets pledged under the Indenture, pending such proceedings; provided, however, that, with respect to any Series of Bonds for which a Credit Enhancement has been provided, the Trustee may only act with the consent of the Credit Provider providing such Credit Enhancement. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture.

**Bondholders’ Direction of Proceedings.** Anything in the Indenture to the contrary (except provisions relating to the rights of a Credit Provider to direct proceedings as described below under the caption “Credit Provider Directs Remedies Upon Event of Default”) notwithstanding, the Holders of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon
furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all
remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be
otherwise than in accordance with law and the provisions of the Indenture, that the Trustee may take any
other action deemed proper by the Trustee which is not inconsistent with such direction, and that the
Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee
would be unjustly prejudicial to Bondholders or holders of Parity Obligations not parties to such
direction.

**Limitation on Bondholders’ Right to Sue.** No Holder of any 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 Bond, unless:
(1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default;
(2) the Holders of not less than a majority in aggregate amount of Bond Obligation of the Bonds then
Outstanding shall have made written request upon the Trustee to exercise the powers granted to the
Trustee pursuant to the Indenture or to institute such suit, action or proceeding in its own name; (3) such
Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs,
expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have
refused or omitted to comply with such request for a period of sixty (60) days after such written request
shall have been received by, and said tender of indemnity shall have been made to, the Trustee; provided,
however, that the written consent of a Credit Provider providing a Credit Enhancement with respect to a
Series of Bonds shall be required if the Credit Enhancement with respect to such Series of Bonds is in full
force and effect and if the Credit Provider providing such Credit Enhancement is not then failing to make
a payment as required in connection therewith.

Such notification, request, tender of indemnity and refusal or omission are declared, in every
case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the
Indenture or under law; it being understood and intended that no one or more Holders of Bonds shall have
any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the
Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the
Law or other applicable law with respect to the Bonds, except in the manner in the Indenture provided,
and that all proceedings at law or in equity to enforce any such right shall be instituted, had and
maintained in the manner in the Indenture provided and for the benefit and protection of all Holders of the
Outstanding Bonds, subject to the provisions of the Indenture.

**Credit Provider Directs Remedies Upon Event of Default.** Anything in the Indenture to the
contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Credit
Provider then providing Credit Enhancement for any Series of Bonds shall be entitled to control and
direct the enforcement of all rights and remedies granted to the Holders of the Bonds secured by such
Credit Enhancement or granted to the Trustee for the benefit of the Holders of the Bonds secured by such
Credit Enhancement, provided that the Credit Provider’s consent shall not be required as otherwise
provided in the Indenture if such Credit Provider is in default of any of its payment obligations as set
forth in the Credit Enhancement provided by such Credit Provider.

**Modification or Amendment of the Indenture**

**Amendments Permitted.** The Indenture and the rights and obligations of the Commission, the
Holders of the Bonds and the Trustee may be modified or amended from time to time and at any time by a
Supplemental Indenture, which the Commission and the Trustee may enter into when the written consent
of the Holders of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such
Supplemental Indenture is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding
shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms,
not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Indenture.

No such modification or amendment shall (a) extend the maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected, or (b) reduce the aforesaid percentage of Bond Obligation the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (in each case, except as expressly provided in the Indenture), without the consent of the Holders of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

The Indenture and the rights and obligations of the Commission, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Commission and the Trustee may enter into without the consent of any Bondholders, but with the written consent of each Credit Provider then providing a Credit Enhancement for any Series of Bonds which shall be materially and adversely affected by such amendment, which consent shall not be unreasonably withheld; provided, however, that such written consent shall be required only if the Credit Enhancement provided by such Credit Provider is in full force and effect and if the Credit Provider is not then failing to make a payment as required in connection therewith, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Commission in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Commission;
(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Commission may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Holders of the Bonds;
(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially and adversely affect the interests of the Holders of the Bonds;
(4) to provide for the issuance of an additional Series of Bonds pursuant to the provisions of the Indenture;
(5) to make modifications or adjustments necessary appropriate or desirable to provide for the issuance or incurrence, as applicable, of Capital Appreciation Bonds, Parity Obligations, Subordinate Obligations or Variable Rate Indebtedness, with such interest rate, payment, maturity and other terms as the Commission may deem desirable; subject to the provisions of the Indenture;
(6) to make modifications or adjustments necessary, appropriate or desirable to provide for change from one interest rate mode to another in connection with any Series of Bonds;
(7) to make modifications or adjustments necessary, appropriate or desirable to accommodate Credit Enhancements, Liquidity Facilities and Reserve Facilities;
(8) to make modifications or adjustments necessary, appropriate or desirable to provide for the appointment of an auction agent, a broker-dealer, a remarketing agent, a tender agent and/or a paying agent in connection with any Series of Bonds;
(9) to modify the auction provisions applicable to any Series of Bonds in accordance with the terms and provisions set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds;
(10) to provide for any additional covenants or agreements necessary to maintain the tax-exempt status of interest on any Series of Bonds;
(11) if the Commission agrees in a Supplemental Indenture to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion;
(12) to provide for the issuance of Bonds in book-entry form or bearer form and/or to modify or eliminate the book-entry registration system for any Series of Bonds;
(13) to modify, alter, amend or supplement the Indenture in any other respect, including amendments that would otherwise be described in the first two paragraphs under this caption, if the effective date of such amendments is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to the provisions of the Indenture; or if notice of the proposed amendments is given to Holders of the affected Bonds at least thirty (30) days before the proposed effective date of such amendments and, on or before such effective date, such Holders have the right to demand purchase of their Bonds pursuant to the provisions of the Indenture or if all Bonds affected thereby are in an auction mode and a successful auction is held following notice of such amendment; and
(14) for any other purpose that does not materially and adversely affect the interests of the Holders of the Bonds.

Any Supplemental Indenture entered into pursuant to the provisions of the Indenture described under this caption shall be deemed not to materially adversely affect the interest of the Holders so long as (i) all Bonds are secured by a Credit Enhancement and (ii) each Credit Provider shall have given its written consent to such Supplemental Indenture in accordance with the provisions of the Indenture.

**Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Commission, the Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

**Defeasance**

**Discharge of Indenture.** Bonds of any Series 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 Bond Obligations of and interest on such Outstanding 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 pursuant to the provisions of the Indenture described below under the caption “Deposit of Money or Securities”) to pay or redeem such Outstanding Bonds; or

(C) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the Commission shall pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable under the Indenture 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 the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Sales Tax Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Commission under the Indenture 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 the Indenture 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 Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided pursuant to the provisions of the Indenture described below under the caption “Deposit of Money or Securities”) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in the Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Commission in respect of such Bond shall cease, terminate and be completely discharged, provided that the Holder thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the Commission shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment.

If the Bonds being discharged are Variable Rate Indebtedness, (i) the Bonds shall be redeemed at the first possible redemption date or purchase date applicable to such Bonds and to the extent the rate of interest payable on such Bonds prior to such redemption or purchase date is not known, such rate of interest shall be assumed to be the maximum rate payable thereon or (ii) the Trustee shall receive a confirmation from the Rating Agency then rating the Bonds that the defeasance will not result in the reduction or withdrawal of the then-current ratings on the Bonds.

The Commission may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Commission may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.
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 Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be:

(A) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in the Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(B) Defeasance Securities the principal of and interest on which when due will, in the opinion of an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm delivered to the Trustee (as confirmed by a verification report upon which verification report the Trustee may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in the Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the Commission) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

Payment of Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any Bond and remaining unclaimed for one (1) year after such principal, Redemption Price, or interest has become due and payable (whether at maturity or upon call for redemption as provided in the Indenture), if such moneys were so held at such date, or one (1) year after the date of deposit of such principal, Redemption Price or interest on any Bond if such moneys were deposited after the date when such Bond became due and payable, shall be repaid to the Commission free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Commission as aforesaid, the Trustee may (at the cost of the Commission) first mail to the Holders of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Commission of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal or Accreted Value of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Holders thereof and the Trustee shall not be required to pay Holders any interest on, or be liable to the Holders or any other person (other than the Commission) for interest earned on, moneys so held. Any interest earned thereon shall belong to the Commission and shall be deposited upon receipt by the Trustee into the Revenue Fund.

Third Supplemental Indenture

General. Under the Third Supplemental Indenture, the Commission has authorized the 2010 Bonds for the purpose of providing funds to pay the Costs of the Project and all as provided in the Third Supplemental Indenture.
Effectiveness of Amendments. The amendments to the Indenture will become effective on the date which is the later of: (i) November 6, 2010, the date 30 days after the date on which notice of the proposed amendments was given to the Holders of the 2008 Bonds, and (ii) the date on which the Commission and the Trustee receive consents to such amendments from each Credit Provider, the Series B Bank and each Counterparty.

Tax Covenants for 2010 Series A Bonds. (A) The Commission hereby irrevocably elects to apply the provisions of Section 54AA(d) of the Code to the 2010 Series A Bonds and intends that the 2010 Series A Bonds be treated as Build America Bonds. In addition, the Commission hereby irrevocably elects to treat the 2010 Series A Bonds as “Qualified Bonds” within the meaning of Section 54AA(g)(2) of the Code such that the 2010 Series A Bonds will be eligible for direct payment by the federal government of the Subsidy Payments with respect to the 2010 Series A Bonds.

(B) The Commission will not use or permit the use of any proceeds of the 2010 Series A Bonds or any funds of the Commission, directly or indirectly, to acquire any securities or obligations that would adversely affect the receipt of the Subsidy Payments, and will not take or permit to be taken any other action or actions, which would cause any such 2010 Series A Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder. The Commission will observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Commission will comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the 2010 Series A Bonds.

(C) The Commission will comply with the provisions and procedures of the 2010 Bonds Tax Certificate.

(D) The Commission will not use or permit the use of any proceeds of the 2010 Series A Bonds or any funds of the Commission (so long as such proceeds or other funds are under its control) or any funds held by the Trustee under the Indenture, directly or indirectly, in any manner, and will not take or omit to take any action, that would adversely affect the receipt of the Subsidy Payments.

(E) Notwithstanding any provisions described under this caption or the 2010 Bonds Tax Certificate, if the Commission shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required as described under this caption is no longer required or that some further or different action is required to maintain the receipt of the Subsidy Payments with respect to the 2010 Series A Bonds, the Trustee and the Commission may conclusively rely on such opinion in complying with the requirements described under this caption, and, notwithstanding any other provision of the Indenture or the 2010 Bonds Tax Certificate, the covenants thereunder will be deemed to be modified to that extent.

Pledge of Subsidy Payments. As additional security for the payment of all amounts owing on the Bonds, there are irrevocably pledged to the Trustee all Subsidy Payments received with respect to the 2010 Series A Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Such Subsidy Payments shall immediately be subject to this pledge, and this pledge shall constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Commission and all others asserting the rights therein, to the extent set forth, and in accordance with, the Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of Subsidy Payments with respect to the 2010 Series A Bonds therein made will be irrevocable until all of the Bonds are no longer Outstanding and no amounts are owed in connection with the Bonds. The Commission will
cause the Subsidy Payments with respect to the 2010 Series A Bonds to be sent directly to the Trustee, and the Trustee will deposit the Subsidy Payments, when received, to the Interest Fund.

Establishment of Funds and Accounts and Application Thereof

**Funds and Accounts.** The following funds and accounts are hereby established in connection with the 2010 Bonds:

(A) To ensure the proper application of such portion of proceeds from the sale of the 2010 Bonds to be applied to pay Costs of the Project, there is established the 2010 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 2010 Bonds to be applied to pay Costs of Issuance of the 2010 Bonds, there is established the 2010 Costs of Issuance Account, such account to be established within the 2010 Project Fund and held by the Trustee.

**2010 Project Fund.** The Trustee will establish separate subaccounts within the 2010 Project Fund called the “2010A Project Subaccount” and the “2010B Project Subaccount.” The monies set aside and placed in each such subaccount within the 2010 Project Fund and in the 2010 Project Fund itself will remain therein until from time to time expended for the purpose of paying the Costs of the Project with respect to the 2010 Bonds and will not be used for any other purpose whatsoever.

(A) Before any payment from the 2010 Project Fund or any subaccount therein shall be made by the Trustee, the Commission will 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 2010 Project Fund, including the particular subaccount, if applicable, 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 funded with the 2010 Bonds has been completed, a Certificate of the Commission will 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 2010 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 2010 Project Fund, less the amount of any such retention, to the Revenue Fund or, if so directed by the Commission, to the Rebate Fund.

**2010 Costs of Issuance Account.** The Trustee will establish separate subaccounts within the 2010 Costs of Issuance Account called the “2010A Costs of Issuance Subaccount” and the “2010B Costs of Issuance Subaccount.” All money on deposit in each such subaccount within the 2010 Costs of Issuance Account and in the 2010 Costs of Issuance Account itself will be applied solely for the payment of authorized Costs of Issuance. Before any payment from the 2010 Costs of Issuance Account or any
subaccount therein is made by the Trustee, the Commission will 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, if applicable, the subaccount from which such payment is to be made; (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 applicable subaccount of the 2010 Costs of Issuance Account and has not been previously paid from said account.

Designation of 2010 Bonds as 2008 Reserve Fund Eligible Bonds; Funding of the 2008 Bonds Reserve Requirement. The 2010 Bonds are hereby designated 2008 Reserve Fund Eligible Bonds. The Trustee will deposit the amount of $________ in the 2008 Bonds Reserve Fund, which amount, together with amounts already on deposit in such 2008 Bonds Reserve Fund, is equal to the 2008 Bonds Reserve Requirement upon the issuance of the 2010 Bonds and after giving effect to such issuance. The 2008 Bonds Reserve Fund (including all amounts which may be obtained from any Reserve Facility on deposit in the 2008 Bonds Reserve Fund) will be used and withdrawn by the Trustee solely as provided in the Indenture.
APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from sources that the Commission and the Underwriters believe to be reliable, but neither the Commission nor the Underwriters take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in this Official Statement and in APPENDIX C – “Definitions and Summary of Certain Provisions of the Indenture.”

DTC will act as securities depository for the Series 2010 Bonds. The Series 2010 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 Series 2010 Bond certificate will be issued for each maturity of each Series of the Series 2010 Bonds, in the aggregate principal amount of such Series, and will be deposited with DTC.

DTC 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 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (“NSCC,” “FICC,” and “EMCC,” also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor’s highest rating: AAA. 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.

Purchases of the Series 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2010 Bond (“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 Series 2010 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 Series 2010 Bonds, except in the event that use of the book-entry system for the Series 2010 Bonds is discontinued.
To facilitate subsequent transfers, all Series 2010 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 Series 2010 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 Series 2010 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2010 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. The Commission and the Trustee will not have any responsibility or obligation to such DTC Participants or the persons for whom they act as nominees with respect to the Series 2010 Bonds.

Redemption notices shall be sent to DTC. If less than all of the Series 2010 Bonds within an issue 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 Series 2010 Bonds unless authorized by a Direct Participant in accordance with DTC’s 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 Series 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2010 Bonds 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 each payment 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 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, premium, if any and interest 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.

DTC may discontinue providing its services as depository with respect to the Series 2010 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, Series 2010 Bonds are required to be printed and delivered as described in the Indenture.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered.
No Assurance Regarding DTC Practices

AS LONG AS CEDE & CO. OR ITS SUCCESSOR IS THE REGISTERED HOLDER OF THE SERIES 2010 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE SERIES 2010 BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2010 BONDS. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTEXT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2010 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE. Each person for whom a Participant acquires an interest in the Series 2010 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such person, forwarded in writing by such Participant and to receive notification of all interest payments.

NONE OF THE COMMISSION, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE PAYMENTS TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS, THE SELECTION OF THE BENEFICIAL INTERESTS IN THE SERIES 2010 BONDS TO BE REDEEMED IN THE EVENT OF REDEMPTION OF LESS THAN ALL SERIES 2010 BONDS OF A PARTICULAR MATURITY OR THE PROVISION OF NOTICE TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE SERIES 2010 BONDS. NO ASSURANCE CAN BE GIVEN BY THE COMMISSION, THE TRUSTEE OR THE UNDERWRITER THAT DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO THE BENEFICIAL OWNERS, THAT THEY WILL DISTRIBUTE NOTICES, INCLUDING REDEMPTION NOTICES (REFERRED TO ABOVE), RECEIVED AS THE REGISTERED OWNER OF THE SERIES 2010 BONDS TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

In the event the Commission or the Trustee determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the Series 2010 Bonds, and the Commission does not select another qualified securities depository, the Commission shall deliver one or more Series 2010 Bonds in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfer and exchanges of Series 2010 Bonds will be governed by the provisions of the Indenture.
APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

San Diego County Regional Transportation Commission
San Diego, California

San Diego County Regional Transportation Commission
Sales Tax Revenue Bonds (Limited Tax Bonds)
2010 Series A (Taxable Build America Bonds) and
2010 Series B (Tax-Exempt Bonds)
(Final Opinion)

Ladies and Gentlemen:
We have acted as bond counsel to the San Diego County Regional Transportation Commission (the “Issuer”) in connection with issuance of $_________ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) (the “2010 Series A Bonds”) and 2010 Series B (Tax-Exempt Bonds) (the “2010 Series B Bonds”) (collectively, the “Bonds”), issued pursuant to an Indenture, dated as of March 1, 2008, as previously supplemented, and as supplemented by a Third Supplemental Indenture, dated as of October 1, 2010 (herein collectively referred to as the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Issuer, dated the date hereof (the “Tax Certificate”), opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2010 B Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and
obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against county transportation commissions in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer.

3. Interest on the 2010 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2010 B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2010 Series A Bonds is not excludable from gross income for federal income tax purposes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Circular 230 Disclaimer. To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties that may be imposed under the Code, or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP
THIRD SUPPLEMENTAL INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of October 1, 2010

Relating to

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2010 SERIES A (TAXABLE BUILD AMERICA BONDS)
AND
2010 SERIES B (TAX-EXEMPT BONDS)

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

THIS THIRD SUPPLEMENTAL INDENTURE, dated as of October 1, 2010 (this “Third 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 Third 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 (i) a Series of Bonds to be designated “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds)” (the “2010 Series A Bonds”), (ii) a Series of Bonds to be designated “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds)” (the “2010 Series B Bonds and, together with the 2010 Series A Bonds, the “2010 Bonds”), all for the purpose of providing funds to pay for the Costs of the Project and all as provided in this Third Supplemental Indenture; and

WHEREAS, the Commission has determined that issuing one or more series of the 2010 Bonds as taxable bonds which qualify the Commission or its agent to receive federal subsidy payments under Sections 54AA and 6431 of the Internal Revenue Code of 1986 (the “Code”) or any other provisions of the Code that create a similar direct-pay subsidy program (collectively, the “Build America Bonds”), could produce economic benefits for the Commission;

WHEREAS, the Commission has determined that issuing one or more series of the 2010 Bonds as Build America Bonds will require certain amendments be made to the Indenture pursuant hereto;

WHEREAS, the Commission has determined that, pursuant to Section 9.01(B)(13) of the Indenture, the Commission and the Trustee are authorized to modify and amend the Indenture by this Third Supplemental Indenture, if the effective date of such amendments is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to the provisions of this Indenture or if notice of the proposed amendments is given to Holders of the affected Bonds at least thirty (30) days before the proposed effective date of such amendments.
and, on or before such effective date, such Holders have the right to demand purchase of their
Bonds pursuant to the provisions of this Indenture;

WHEREAS, notice of the amendments contained herein was given to Holders of the
affected Bonds on October 7, 2010;

[WHEREAS, pursuant to the applicable provisions of each 2008 Liquidity Facility, the
Commission has secured the consent of each 2008 Liquidity Provider to the amendment of the
Indenture as set forth herein;]

[WHEREAS, pursuant to the relevant provisions of each Interest Rate Swap Agreement,
the Commission has secured the consent of each Counterparty to the amendment of the Indenture
as set forth herein;]

WHEREAS, pursuant to Section 9.2 of the Credit Agreement, dated as of November 9,
2005, by and among the Commission, Dexia Credit Local, New York Branch, and the other
banks named therein, as banks (the “Series B Bank”), and JPMorgan, as agent, relating to the
Existing Notes, the Commission has secured the consent of the Series B Bank to the amendment
of the Indenture as set forth herein;

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

ARTICLE XXI
DEFINITIONS; AMENDMENT TO INDENTURE

Section 21.01. Definitions; Amendments to 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 Supplemental Indenture.

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

“Authorized Denominations” means, with respect to 2010 Bonds, $5,000 and any
integral multiple thereof.

“Comparable Treasury Issue” means the United States Treasury security selected by
the Designated Banking Institution as having a maturity comparable to the remaining term to
maturity of the 2010 Series A Bond 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 2010 Series A
Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2010 Series
A Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury
Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such
quotations, and (b) if the Designated Banking Institution 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 Designated Banking Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Designated Banking Institution, at 2:00 p.m. New York City time on a Business Day at least two Business Days but no more than 45 calendar days preceding the applicable date fixed for redemption.

“Comparable Treasury Yield” means the yield 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 Designated Banking Institution 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 2010 Series A Bond being redeemed. The Comparable Treasury Yield will be determined at least two Business Days but no more than 45 calendar days preceding the applicable 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 2010 Series A Bond being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the 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 2010 Series A Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2010 Series A Bond 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 Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price as of the date fixed for redemption.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of the Commission relating to the 2010 Bonds.

“Designated Banking Institution” means an investment banking institution of national standing which is a primary United States government securities dealer designated by the Commission.

“Interest Payment Date” means each April 1 and October 1, commencing April 1, 2011 and, in any event, the final maturity date or redemption date of each 2010 Bond.

“Make-Whole Premium” means, with respect to any 2010 Series A Bond to be redeemed pursuant to Section 23.05(a), an amount calculated by a Designated Banking Institution (as defined herein) equal to the positive difference, if any, between:
(1) The sum of the present values, calculated as of the date fixed for redemption of:

(a) Each interest payment that, but for the redemption, would have been payable on the 2010 Series A Bond 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 2010 Series A Bond (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 2010 Series A Bond, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such 2010 Series A Bond to the date fixed for redemption; plus

(b) The principal amount that, but for such redemption, would have been payable on the maturity date of the 2010 Series A Bond or portion thereof being redeemed; minus

(2) The principal amount of the 2010 Series A Bond or portion thereof being redeemed.

The present values of the interest and principal payments referred to in (1) 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 Comparable Treasury Yield (as defined herein), plus [____] basis points.

“Maximum Annual Interest” means the maximum amount of interest on one or more Series of Bonds becoming due and payable during the period from the date of such calculation through the final maturity date of such Bonds, calculated utilizing the assumptions set forth under the definition of Debt Service.

“Record Date” means, with respect to the 2010 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 Date” means the date fixed for redemption of Bonds of a Series subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

“Redemption Price” means, with respect to any 2010 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 Supplemental Indenture.

“Reference Treasury Dealer” means a primary United States Government securities dealer appointed by the Commission and reasonably acceptable to the Designated Banking Institution.

“Tax Law Change” means legislation has been enacted by the Congress of the United States or passed by either House of the Congress, or a decision has been rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official
statement has been made by or on behalf of the Treasury Commission of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which, as reasonably determined by the Commission, would be to suspend, reduce or terminate the Subsidy Payments from the United States Treasury to the Commission with respect to the 2010 Series A Bonds, or payments to state or local government issuers generally with respect to obligations of the general character of, and issued in the same calendar year as, the 2010 Series A Bonds; provided, that such suspension, reduction or termination of the Subsidy Payments is not due to a failure by the Commission to comply with the requirements under the Code to receive such Subsidy Payments.

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

“2010 Bonds” means, collectively, the 2010 Series A Bonds and the 2010 Series B Bonds.


“2010 Costs of Issuance Account” means the 2010 Costs of Issuance Account established pursuant to Section 24.01(b).

“2010 Project Fund” means the 2010 Project Fund established pursuant to Section 24.01(a).

“2010 Series A Bonds” shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds), authorized by Article XXIII of this Indenture.

“2010 Series B Bonds” shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds), authorized by Article XXIII of this Indenture.

(c) Amended and Supplemental Definitions. Pursuant to Section 9.01(B)(13) of the Indenture, for all purposes of the Indenture and of any Supplemental Indenture, including this Third Supplemental Indenture, and of any certificate, opinion or other document therein mentioned, the provisions of the Indenture are hereby amended and supplemented as follows:

(i) Paragraph (H) of the term “Debt Service”, set forth in Section 1.02 of the Indenture, is hereby amended and supplemented to read as follows (with additions bolded and underlined):

(H) principal and interest payments on Obligations shall be 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 shall be 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.

(ii) The term Bond Reserve Fund in Section 1.02 of the Indenture is hereby amended and restated in its entirety as follows (with deletions bracketed and struck through and additions bolded and underlined):

“Bond Reserve Fund” means any fund by that name established with respect to one or more Series of Bonds pursuant to one or more Supplemental Indentures establishing the terms and provisions of such Series of Bonds.

(iii) The term Bond Reserve Requirement in Section 1.02 of the Indenture is hereby amended and restated in its entirety as follows (with deletions bracketed and struck through and additions bolded and underlined):

“Bond Reserve Requirement” with respect to one or more Series of Bonds for which the Commission shall have established a Bond Reserve Fund shall have the meaning specified in the Supplemental Indenture or Supplemental Indentures establishing the terms and provisions of such Series of Bonds.

(iv) The term “2008 Bonds Reserve Requirement” in Section 12.01 of the Indenture is hereby amended and restated in its entirety as follows (with additions bolded and underlined):

“2008 Bonds Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the principal amount of the 2008 Reserve Fund Eligible Bonds (or if the amount of original issue discount or original issue premium applicable to the 2008 Reserve Fund Eligible Bonds exceeds two percent (2%), ten percent (10%) of the issue price of the 2008 Reserve Fund Eligible Bonds), (ii) one hundred twenty-five percent (125%) of average Annual Debt Service on the Outstanding 2008 Reserve Fund Eligible Bonds, and (iii) fifty percent (50%) of Maximum Annual Debt Service on the Outstanding 2008 Reserve Fund Eligible Bonds.

(v) The following term is added to Section 1.02 of the Indenture:

“Subsidy Payments” means payments to be made by the United States Treasury to the Trustee pursuant to Section 54AA of the Code or Section 6431 of the Code or any successor to either of such provisions of the Code and with respect to the interest due on a Series of taxable Bonds that have been accorded Build America Bonds status under the provisions of the American Recovery and Reinvestment Act of 2009 or any successor thereto or replacement thereof.

(vi) The following term is added to Section 12.01 of the Indenture:
“2008 Reserve Fund Eligible Bonds” means the 2008 Bonds and any other Series of additional Bonds or Refunding Bonds or portions thereof (in each case, payable on a parity with the 2008 Bonds from, and secured as to payment on a parity with the 2008 Bonds by, the Revenues and other funds described in Article V of the Indenture) hereafter issued and designated, by a Supplemental Indenture adopted by the Commission, to be secured by and entitled to the pledge and benefit of the 2008 Bonds Reserve Fund; provided, that no Bond or Series of Bonds shall hereafter be so designated unless, upon the issuance of such Bond or Series of Bonds and after giving effect to such issuance, the amount then on deposit in the 2008 Bonds Reserve Fund will at least equal the 2008 Bonds Reserve Requirement.

Section 21.02. Amendments to Indenture. Pursuant to Section 9.01(B)(13) of the Indenture, for all purposes of the Indenture and of any Supplemental Indenture, including this Third Supplemental Indenture, and of any certificate, opinion or other document therein mentioned, the provisions of the Indenture are hereby amended and supplemented as follows:

(a) The second sentence of Section 5.05 of the Indenture is hereby amended as follows (with deletions bracketed and struck through and additions bolded and underlined):

Any Bond Reserve Fund so established by the Commission shall be available to secure one or more Series of Bonds as the Commission shall determine and shall specify in the Supplemental Indenture establishing such Bond Reserve Fund or, if the Supplemental Indenture establishing any Bond Reserve Fund also establishes a pooled Bond Reserve Requirement that is applicable to an initial Series of Bonds together with any one or more subsequently-issued eligible Series of Bonds with the same pooled Reserve Requirement, in subsequent Supplemental Indentures.

(b) Section 17.01(b) of the Indenture is hereby amended and restated in its entirety as follows (with deletions bracketed and struck through and additions bolded and underlined):

(b) To provide for a reserve fund for the 2008 Reserve Fund Eligible Bonds, there is hereby established and maintained with the Trustee a pooled Reserve Fund designated as the “2008 Bonds Reserve Fund.”

(c) Section 17.03 of the Indenture is hereby amended and restated in its entirety as follows (with deletions bracketed and struck through and additions bolded and underlined):

Section 17.03 Funding and Application of the 2008 Bonds Reserve Fund; Bond Reserve Requirement for the 2008 Reserve Fund Eligible Bonds. The Trustee shall deposit the amount of $17,160,738.80 in the 2008 Bonds Reserve Fund, which amount is equal to the 2008 Bonds Reserve Requirement upon issuance of the 2008 Bonds. All amounts in the 2008 Bonds Reserve Fund (including all amounts which may be obtained from any Reserve Facility on
deposit in the 2008 Bonds Reserve Fund) shall be used and withdrawn by the Trustee solely: (i) for the purpose of making up any deficiency in the Interest Fund or the Principal Fund relating to the 2008 Reserve Fund Eligible Bonds, including both the 2008 Bonds and any Bonds issued pursuant to one or more subsequent Supplemental Indentures and designated thereby as 2008 Reserve Fund Eligible Bonds; or, (ii) together with any other moneys available therefor, (x) for the payment of all of the 2008 Reserve Fund Eligible Bonds then Outstanding, (y) for the defeasance or redemption of all or a portion of the 2008 Reserve Fund Eligible Bonds then Outstanding, provided, however, that if funds on deposit in the 2008 Bonds Reserve Fund are applied to the defeasance or redemption of a portion of the 2008 Reserve Fund Eligible Bonds, the amount on deposit in the 2008 Bonds Reserve Fund immediately subsequent to a partial defeasance or redemption shall equal the 2008 Bonds Reserve Requirement applicable to all 2008 Reserve Fund Eligible Bonds Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the 2008 Reserve Fund Eligible Bonds. Any amounts on deposit in the 2008 Bonds Reserve Fund in excess of the 2008 Bonds Reserve Requirement shall be transferred to the Commission on April 1 of each year.

Section 21.03. Effectiveness of Amendments. The amendments to the Indenture contained in Section 21.01(c) and Section 21.02 shall become effective on the date which is the later of: (i) November 6, 2010, the date 30 days after the date on which notice of the proposed amendments was given to the Holders of the 2008 Bonds, and (ii) the date on which the Commission and the Trustee receive consents to such amendments from each Credit Provider, each Counterparty and the Series B Bank.

ARTICLE XXII
FINDINGS, DETERMINATIONS AND DIRECTIONS

Section 22.01. Findings and Determinations. The Commission hereby finds and determines that the 2010 Bonds shall be issued pursuant to Article III and upon the issuance of the 2010 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 22.02. Recital in Bonds. There shall be included in each of the definitive 2010 Bonds, and also in each of the temporary 2010 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 2010 Bond, and in the issuing of that 2010 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 2010 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 2010 Bond attached hereto as Exhibit A.
Section 22.03. Effect of Findings and Recital. From and after the issuance of the 2010 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 2010 Bonds is at issue.

ARTICLE XXIII
AUTHORIZATION AND REDEMPTION OF 2010 BONDS

Section 23.01. 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), 2010 Series A (Taxable Build America Bonds).”

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), 2010 Series B (Tax-Exempt Bonds).”

Section 23.02. Purpose and Application of Proceeds. The 2010 Bonds are issued for the purpose of financing, refinancing and/or reimbursing the Commission for its prior payment of, the Costs of the Project, including by retiring a portion of the Existing Notes. In addition, a portion of the proceeds will be applied to pay Costs of Issuance of the 2010 Bonds. The net proceeds from the sale of the 2010 Bonds in the amount of $___________ shall be received by the Trustee, and the Trustee shall deposit or transfer such funds as follows:

(a) $________ of the proceeds of the 2010 Series A Bonds shall be deposited in the 2010A Project Subaccount of the 2010 Project Fund;

(b) $________ of the proceeds of the 2010 Series B Bonds shall be deposited in the 2010B Project Subaccount of the 2010 Project Fund;

(c) $________ of the proceeds of the 2010 Series A Bonds shall be deposited in the 2010A Costs of Issuance Subaccount of the 2010 Costs of Issuance Account;

(d) $________ of the proceeds of the 2010 Series B Bonds shall be deposited in the 2010B Costs of Issuance Subaccount of the 2010 Costs of Issuance Account; and

(f) $________ of the proceeds of the 2010 Bonds shall be transferred to the Subordinate Trustee in order to retire a portion of the Existing Notes upon the order of the Commission. The Trustee may establish a temporary fund or account to facilitate such transfer.
Section 23.03. **Form, Denomination, Numbers and Letters.** Each Series of the 2010 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 Series of 2010 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 2010 Bonds and as the form of the certificate of authentication as such form shall be completed based on the terms of each Series of 2010 Bonds set forth herein.

Section 23.04. **Date, Maturities and Interest Rates.** The 2010 Series A Bonds shall be dated their Issue Date and shall bear interest from that date payable on each Interest Payment Date. The 2010 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 23.05(a) and the requirement of mandatory sinking fund redemption set forth in Section 23.06(a)) and shall bear interest at the following rates per annum:

| Maturity Date  
(April 1) | Principal Amount | Interest Rate |
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</table>

The 2010 Series B Bonds shall be dated their Issue Date and shall bear interest from that date payable on each Interest Payment Date. The 2010 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 23.05(b) and the requirement of mandatory sinking fund redemption set forth in Section 23.06(b)) and shall bear interest at the following rates per annum:

| Maturity Date  
(April 1) | Principal Amount | Interest Rate |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
</tr>
</tbody>
</table>

Interest on the 2010 Bonds shall be computed on the basis of a 360-day year comprised of twelve 30 day months.

Each 2010 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 2010 Bond shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Trustee, and the interest on each 2010 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 23.05. Redemption of the 2010 Bonds.

(a) Redemption of the 2010 Series A Bonds.

   (i) Optional Redemption. The 2010 Series A Bonds shall be subject to redemption prior to their stated maturity date, at the option of the Commission, from any source of available funds, as a whole or in part on any date, at a Redemption Price equal to 100% of the principal amount of the 2010 Series A Bonds to be redeemed plus the Make-Whole Premium, if any, together with accrued interest to the date fixed for redemption. The Commission shall provide, or shall cause the Designated Banking Institution to provide, the Make-Whole Premium, if any, to the Trustee in writing.

   (ii) Extraordinary Optional Redemption of the 2010 Series A Bonds. The 2010 Series A Bonds shall be subject to redemption prior to maturity at the option of the Commission upon the occurrence of a Tax Law Change, from any source of available funds, as a whole or in part, on any date, at a Redemption Price equal to 100% of the principal amount of 2010 Series A Bonds to be redeemed plus the Make-Whole Premium (using a discount rate equal to the Comparable Treasury Yield plus [___] basis points), if any, plus accrued interest to the date fixed for redemption. The Commission shall provide, or shall cause the Designated Banking Institution to provide, the Make-Whole Premium, if any, to the Trustee in writing.

(b) Optional Redemption of the 2010 Series B Bonds. The 2010 Series B Bonds maturing after October 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 October 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.
(c) **Selection of Bonds for Optional Redemption.** If less than all of the 2010 Series A Bonds are to be redeemed pursuant to Section 23.05(a), the principal of all such 2010 Series A Bonds shall be subject to redemption on a pro rata basis. If the 2010 Series A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2010 Series A Bonds shall be effected by the Trustee among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular 2010 Series A Bonds to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate. If the 2010 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 2010 Series A Bonds, if less than all of the 2010 Series A Bonds of a maturity are called for prior redemption, the particular 2010 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 2010 Series A Bonds are held in book-entry form, the selection for redemption of such 2010 Series A Bonds shall be made in accordance with the operational arrangements of DTC then in effect, which operational arrangements currently provide for adjustment of the principal by a factor provided pursuant to such 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 2010 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 2010 Series A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the 2010 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures. In the event 2010 Series A Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under Section 23.06(a), or portions thereof, that are to be reduced as allocated to such redemption.

The Commission shall designate which maturities of any 2010 Series B Bonds are to be called for optional redemption pursuant to Section 23.05(b). If less than all 2010 Series B maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2010 Series B Bonds of such maturity date to be redeemed by lot and shall promptly notify the Commission in writing of the numbers of the 2010 Series B Bonds so selected for redemption. For purposes of such selection, 2010 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 2010 Series B Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under Section 23.06(b), or portions thereof, that are to be reduced as allocated to such redemption.

(d) **Sufficient Funds Required for Optional Redemption.** Any optional redemption of 2010 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 2010 Bonds called for redemption.
(e) Notice of Optional Redemption; Rescission. Any notice of optional redemption of the 2010 Bonds shall be delivered in accordance with Section 4.02 and may be rescinded as provided in Section 4.02.

Section 23.06. Mandatory Redemption of 2010 Bonds From Mandatory Sinking Account Payments.

(a) Mandatory Redemption of 2010 Series A Bonds. The 2010 Series A Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2010 Series A Bonds, on each date a Mandatory Sinking Account Payment for such 2010 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 2010 Series A Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

<table>
<thead>
<tr>
<th>2010 Series A Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Redemption Date</strong></td>
</tr>
<tr>
<td><strong>(April 1)</strong></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

† Final Maturity

(b) Mandatory Redemption of 2010 Series B Bonds. The 2010 Series B Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2010 Series B Bonds, on each date a Mandatory Sinking Account Payment for such 2010 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 2010 Series B Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

<table>
<thead>
<tr>
<th>2010 Series B Bonds</th>
<th>Mandatory Sinking Account Payment</th>
<th>Redemption Date (April 1)</th>
<th>Mandatory Sinking Account Payment</th>
<th>Redemption Date (April 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(April 1)</td>
<td></td>
<td></td>
<td>(April 1)</td>
<td></td>
</tr>
</tbody>
</table>

† Final Maturity

(b) Selection of 2010 Bonds for Mandatory Sinking Account Redemption. If less than all of the 2010 Series A Bonds are to be redeemed at any one time with Mandatory Sinking Account Payments, the principal of all such 2010 Series A Bonds shall be subject to redemption on a pro-rata basis. If the 2010 Series A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2010 Series A Bonds shall be effected by the Trustee among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular 2010 Series A Bonds to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate. If the 2010 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 2010 Series A Bonds, if less than all of the 2010 Series A Bonds of a maturity are called for prior redemption, the particular 2010 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 2010 Series A Bonds are held in book-entry form, the selection for redemption of such 2010 Series A Bonds shall be made in accordance with the operational arrangements of DTC then in effect, which operational arrangements currently provide for adjustment of the principal by a factor provided pursuant to such 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 as described above, the 2010 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 2010 Series A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the 2010 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures.

If less than all 2010 Series B 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 2010 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 2010 Series B Bonds so selected for redemption. For purposes of such selection, 2010 Series B Bonds shall be deemed to
be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

Section 23.07. **Tax Covenants for 2010 Series A Bonds.**

(a) The Commission hereby irrevocably elects to apply the provisions of Section 54AA(d) of the Code to the 2010 Series A Bonds and intends that the 2010 Series A Bonds be treated as Build America Bonds. In addition, the Commission hereby irrevocably elects to treat the 2010 Series A Bonds as “Qualified Bonds” within the meaning of Section 54AA(g)(2) of the Code such that the 2010 Series A Bonds will be eligible for direct payment by the federal government of the Subsidy Payments with respect to the 2010 Series A Bonds.

(b) The Commission will not use or permit the use of any proceeds of the 2010 Series A Bonds or any funds of the Commission, directly or indirectly, to acquire any securities or obligations that would adversely affect the receipt of the Subsidy Payments, and will not take or permit to be taken any other action or actions, which would cause any such 2010 Series A Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder. The Commission will observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Commission will comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the 2010 Series A Bonds.

(c) The Commission will comply with the provisions and procedures of the 2010 Bonds Tax Certificate.

(d) The Commission will not use or permit the use of any proceeds of the 2010 Series A Bonds or any funds of the Commission (so long as such proceeds or other funds are under its control) or any funds held by the Trustee under the Indenture, directly or indirectly, in any manner, and will not take or omit to take any action, that would adversely affect the receipt of the Subsidy Payments.

(e) Notwithstanding any provisions of this Section 23.07 or the 2010 Bonds Tax Certificate, if the Commission shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section 23.07 is no longer required or that some further or different action is required to maintain the receipt of the Subsidy Payments with respect to the 2010 Series A Bonds, the Trustee and the Commission may conclusively rely on such opinion in complying with the requirements of this Section 23.07, and, notwithstanding any other provision of this Indenture or the 2010 Bonds Tax Certificate, the covenants hereunder shall be deemed to be modified to that extent.

Section 23.08. **Pledge of Subsidy Payments.** As additional security for the payment of all amounts owing on the Bonds, there are irrevocably pledged to the Trustee all Subsidy Payments received with respect to the 2010 Series A Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Such Subsidy Payments shall immediately be subject to this pledge, and
this pledge shall constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Commission and all others asserting the rights therein, to the extent set forth, and in accordance with, this Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recodernation, filing or further act. The pledge of Subsidy Payments with respect to the 2010 Series A Bonds herein made shall be irrevocable until all of the Bonds are no longer Outstanding and no amounts are owed in connection with the Bonds. The Commission shall cause the Subsidy Payments with respect to the 2010 Series A Bonds to be sent directly to the Trustee, and the Trustee shall deposit the Subsidy Payments, when received, to the Interest Fund.

ARTICLE XXIV
ESTABLISHMENT OF FUNDS AND ACCOUNTS
AND APPLICATION THEREOF

Section 24.01. Funds and Accounts. The following funds and accounts are hereby established in connection with the 2010 Bonds:

(a) To ensure the proper application of such portion of proceeds from the sale of the 2010 Bonds to be applied to pay Costs of the Project, there is hereby established the 2010 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 2010 Bonds to be applied to pay Costs of Issuance of the 2010 Bonds, there is hereby established the 2010 Costs of Issuance Account, such account to be established within the 2010 Project Fund and held by the Trustee.

Section 24.02. 2010 Project Fund. The Trustee shall establish separate subaccounts within the 2010 Project Fund called the “2010A Project Subaccount” and the “2010B Project Subaccount.” The monies set aside and placed in each such subaccount within the 2010 Project Fund and in the 2010 Project Fund itself shall remain therein until from time to time expended for the purpose of paying the Costs of the Project with respect to the 2010 Bonds and shall not be used for any other purpose whatsoever.

(a) Before any payment from the 2010 Project Fund or any subaccount therein 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 2010 Project Fund, including the particular subaccount, if applicable, 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 funded with the 2010 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 2010 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 2010 Project Fund, less the amount of any such retention, and then to the Revenue Fund or, if so directed by the Commission, to the Rebate Fund.

Section 24.03. 2010 Costs of Issuance Account. The Trustee shall establish separate subaccounts within the 2010 Costs of Issuance Account called the “2010A Costs of Issuance Subaccount” and the “2010B Costs of Issuance Subaccount.” All money on deposit in each such subaccount within the 2010 Costs of Issuance Account and in the 2010 Costs of Issuance Account itself shall be applied solely for the payment of authorized Costs of Issuance. Before any payment from the 2010 Costs of Issuance Account or any subaccount therein 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, if applicable, the subaccount from which such payment is to be made; (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 applicable subaccount of the 2010 Costs of Issuance Account and has not been previously paid from said account.

Any amounts remaining in the 2010A Costs of Issuance Subaccount one hundred eighty (180) days after the date of issuance of the 2010 Bonds shall be transferred to the 2010A Project Subaccount. Any amounts remaining in the 2010B Costs of Issuance Subaccount one hundred eighty (180) days after the date of issuance of the 2010 Bonds shall be transferred to the 2010B Project Subaccount.

ARTICLE XXV
MISCELLANEOUS

Section 25.01. 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 2010 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 2010 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 Issuer to comply with its obligations under this Section.

Section 25.02. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Third Supplemental Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Third 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 Third Supplemental Indenture and the 2010 Bonds issued pursuant hereto shall remain valid, and the Holders of the 2010 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 25.03. Parties Interested Herein. Nothing in this Third 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 2010 Bonds, any right, remedy or claim under or by reason of this Third Supplemental Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Third 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 2010 Bonds.

Section 25.04. Headings Not Binding. The headings in this Third 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 Third Supplemental Indenture.

Section 25.05. 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 25.06. Notices to Rating Agencies. The Trustee shall provide notice to the Rating Agencies of the following events with respect to the 2010 Bonds:

(1) Change in Trustee;

(2) Amendments to the Indenture; and

(3) Redemption or defeasance of any 2010 Bonds.
Section 25.07. **Indenture to Remain in Effect.** Save and except as amended and supplemented by this Third Supplemental Indenture, the Indenture, as heretofore supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, shall remain in full force and effect.

Section 25.08. **Effective Date of Third Supplemental Indenture.** This Third Supplemental Indenture shall take effect upon its execution and delivery.

Section 25.09. **Execution in Counterparts.** This Third 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.
IN WITNESS WHEREOF, the parties hereto have executed this Third Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By:_____________________________________
   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 2010 SERIES A/B BOND]

No. R—__________ $___________

San Diego County Regional Transportation Commission
Sales Tax Revenue Bond
Limited Tax Bond)
2010 Series [A/B]

INTEREST RATE MATURITY ISSUE DATE CUSIP
____% April 1, 20__ __________, 2010

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 April 1, 2011 (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 principal office of U.S. Bank National
Association, as trustee (together with any successor as trustee under the hereinafter defined
Indenture, the “Trustee”) in Los Angeles, California. 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 a Third Supplemental

OHS West:260970679.6
Indenture, dated as of October 1, 2010 (the “Third 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.


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, and all regularly-scheduled amounts (but not termination payments) owed or paid to the Commission by any 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 Counterparty under such Interest Rate Swap Agreement, 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 shall be 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

Bonds 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, registered Holders and registered Owners 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 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 Principal 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 2010 Series [A/B] 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 Act, 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:

______________________________
Director of Finance

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the 2010 Series [A/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

<table>
<thead>
<tr>
<th>To the Commission:</th>
<th>To the Trustee:</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Association of Governments</td>
<td>U.S. Bank National Association</td>
</tr>
<tr>
<td>401 B Street, Suite 800</td>
<td>633 West 5th Street, 24th Floor</td>
</tr>
<tr>
<td>San Diego, California 92101</td>
<td>Los Angeles, California 90071</td>
</tr>
<tr>
<td>Attention: Director of Finance</td>
<td>Attention: Corporate Trust Division</td>
</tr>
<tr>
<td>Telephone: (619) 699-6931</td>
<td>Telephone: (213) 615-6023</td>
</tr>
<tr>
<td>Facsimile: (619) 699-4890</td>
<td>Facsimile: (213) 615-6197</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>To the Rating Agencies:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s Ratings Services</td>
</tr>
<tr>
<td>55 Water Street, 38th Floor</td>
</tr>
<tr>
<td>New York, New York 10041</td>
</tr>
<tr>
<td>Telephone: (212) 438-2000</td>
</tr>
<tr>
<td>Fax: (212) 438-2157</td>
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<table>
<thead>
<tr>
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</tr>
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<tbody>
<tr>
<td>7 World Trade Center at 250 Greenwich Street</td>
</tr>
<tr>
<td>Public Finance Group, 23rd Floor</td>
</tr>
<tr>
<td>New York, New York 10007</td>
</tr>
<tr>
<td>Fax: (212) 553-4090</td>
</tr>
</tbody>
</table>
SECOND SUPPLEMENT TO THE AMENDED AND RESTATED SUBORDINATE
INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of October 1, 2010

Supplementing the Amended and Restated Subordinate Indenture
dated as of November 1, 2005
Relating To
San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Commercial Paper Notes
(Limited Tax Bonds)
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SECOND SUPPLEMENT TO THE
AMENDED AND RESTATED SUBORDINATE INDENTURE

This SECOND SUPPLEMENT TO THE AMENDED AND RESTATED SUBORDINATE INDENTURE, dated as of October 1, 2010 (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, in order to provide for the issuance, authentication and delivery of certain limited tax bonds in the form of commercial paper notes, the Commission entered into that certain Amended and Restated Subordinate Indenture, dated as of November 1, 2005 (as amended and supplemented, the “Indenture”), by and between the Commission and the Trustee, pursuant to which the Commission authorized and reauthorized the issuance, authentication and delivery of three series of commercial paper notes designated the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series A (the “Series A Notes”), the San Diego County Regional Transportation...
Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series B (the “Series B Notes”) and the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series C (the “Series C Notes”);

WHEREAS, in order to provide liquidity for payment of the Series B Notes, the Commission entered into a Credit Agreement, dated as of November 9, 2005 (as more fully defined in Section 1.02 of the Indenture, the “Series B Support Agreement”), by and among the Commission, Dexia Credit Local, New York Branch, and the other banks named therein, as banks (as more fully defined in Section 1.02 of the Indenture, the “Series B Bank”), and JPMorgan, as agent (as more fully defined in Section 1.02 of the Indenture, the “Series B Administrative Agent”), pursuant to which the Series B Bank extended a support facility in the form of a revolving line of credit (as more fully defined in Section 1.02 of the Indenture, the “Series B Support Facility”) which Series B Support Facility could be drawn upon by the Issuing and Paying Agent to pay principal of the Series B Notes;

WHEREAS, in order to provide for the offering and sale of the Series B Notes, the Commission entered into a Dealer Agreement, dated as of November 1, 2005 (as more fully defined in Section 1.02 of the Indenture, the “Series B Dealer Agreement”), between the Commission and Citigroup Global Markets Inc., as dealer (as more fully defined in Section 1.02 of the Indenture, the “Series B Dealer”);

WHEREAS, pursuant to a First Supplement to the Amended and Restated Subordinate Indenture, dated March 28, 2008 (the “First Supplement”), and other documents, the Commission permanently reduced the Commitment Amounts of the Series A Notes and the Series C Notes, terminated related dealer and support agreements, and provided continuing authorization of only a single series of Notes, the Series B Notes;

WHEREAS, in order to provide for the issuance, authentication and delivery of certain limited tax bonds (as more fully defined in Section 1.02 of the Indenture, the “Sales Tax Extension Bonds”) payable on a basis senior to the Series B Notes and any obligations of the Commission on a parity with the Series B Notes (as more fully defined in Section 1.02 of the Indenture, the “Parity Obligations”), the Commission entered into that certain Indenture, dated as of March 1, 2008 (as more fully defined in the Indenture and as amended and supplemented, the “Sales Tax Extension Bond Indenture”), by and between the Commission and the Trustee;

WHEREAS, the Commission has determined that issuing one or more series of the Sales Tax Extension Bonds as taxable bonds which qualify the Commission or its agent to receive federal subsidy payments under Sections 54AA and 6431 of the Internal Revenue Code of 1986 (the “Code”) or any other provisions of the Code that create a similar direct-pay subsidy program (collectively, the “Build America Bonds”), could produce economic benefits for the Commission;

WHEREAS, the Commission has determined that issuing one or more series of the Sales Tax Extension Bonds as Build America Bonds will require certain amendments be made to the Sales Tax Extension Bond Indenture pursuant to a supplement to the Sales Tax
Extension Bond Indenture and will require conforming amendments be made to the Indenture pursuant to a supplement to the Indenture;

WHEREAS, the Commission has determined that, pursuant to Section 9.01(a)(1) of the Indenture, the Commission and the Trustee are authorized to modify and amend the Indenture by this Second Supplement, to become effective on _______, 2010;

WHEREAS, pursuant to Section 9.2 of the Series B Support Agreement, the Commission has secured the consent of the Series B Bank to amendment of the Indenture as set forth herein;

WHEREAS, the execution and delivery of this Second Supplement has in all respects been duly and validly authorized by resolutions 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 AMENDED AND RESTATED SUBORDINATE INDENTURE WITNESSETH, that in order to make amendments necessary for the issuance of one or more series of Bonds as Build America Bonds, 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, and the Series B Bank, as follows:

ARTICLE XIV
AMENDMENTS

SECTION 14.01. Definitions. All capitalized terms not otherwise defined herein shall have the meaning assigned to them in Section 1.02 of the Indenture.

SECTION 14.02. Additional Definition. The following terms shall, for all purposes of the Indenture, including this Second Supplement, have the following meanings:

Second Supplement

“Second Supplement” means this Second Supplement to the Amended and Restated Subordinate Indenture, between the Commission and the Trustee, as amended and supplemented from time to time.

Subsidy Payments

“Subsidy Payments” means payments to be made by the United States Treasury to the Sales Tax Extension Bond Trustee pursuant to Section 54AA of the Code or Section 6431 of the Code or any successor to either of such
provisions of the Code and with respect to the interest due on a series of taxable Sales Tax Extension Bonds that have been accorded Build America Bonds status under the provisions of the American Recovery and Reinvestment Act of 2009 or any successor thereto or replacement thereof.

SECTION 14.03. Amended Definition. Pursuant to Section 9.01(a)(1) 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, Paragraph (c) of the Term “Maximum Annual Debt Service,” set forth in Section 1.02 of the Indenture, is hereby amended and restated in its entirety to read as follows (with deletions bracketed and struck through and additions bolded and underlined):

(c) principal and interest payments on Debt shall be excluded to the extent that: (i) such payments are to be paid from amounts on deposit with any fiduciary, including Investment Securities and interest to be payable thereon, in escrow specifically therefore; (ii) [and to the extent that] such interest payments are to be paid from the proceeds of Debt held by any fiduciary as capitalized interest, including Investment Securities and interest to be payable thereon, specifically to pay such interest by such fiduciary, and (iii) such interest payments are to be paid from pledged Subsidy Payments the Commission expects to receive.

ARTICLE XV

MISCELLANEOUS

SECTION 15.01. 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 any Notes issued pursuant to the Indenture shall remain valid, and the Holders of the Notes shall retain all valid rights and benefits accorded to them under the Indenture, the Act, and the Constitution and statutes of the State.

SECTION 15.02. 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, the Issuing and Paying Agent, the Series B Bank, and the Owners of the Notes and any Parity Debt, any legal or equitable right, remedy or claim under or in respect of this Second Supplement or any covenant, condition or provision herein contained; and all the covenants, conditions, and provisions are and shall be for the sole and exclusive benefit of the Commission, the Trustee, the Issuing and Paying Agent, the Series B Bank, and the Owners of the Notes and any Parity Debt.
SECTION 15.03.  **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 15.04.  **Amended and Restated Indenture to Remain in Effect.**  Save and except as amended and supplemented by this Second Supplement, the Amended and Restated Indenture, as previously supplemented, shall remain in full force and effect.

SECTION 15.05.  **Effective Date of Second Supplemental Indenture.**  This Second Supplement shall take effect upon its execution and delivery.

SECTION 15.06.  **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.

SECTION 15.07.  **Request of the Commission.**  The Commission, by its execution of this Second Supplement, hereby requests that the Trustee execute this Second Supplement.
IN WITNESS WHEREOF, the parties hereto have executed this Second Supplement to the Amended and Restated 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
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)

$__________ 2010 SERIES A (TAXABLE BUILD AMERICA BONDS)
$__________ 2010 SERIES B (TAX-EXEMPT BONDS)

BOND PURCHASE AGREEMENT

_______, 2010

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

Ladies and Gentlemen:

Barclays Capital Inc. (the “Representative”), acting on behalf of itself and RBC Capital Markets Inc., E. J. De La Rosa & Co., Inc., Siebert Brandford Shank & Co., LLC and Goldman, Sachs & Co. (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 2011-01 adopted by the Commission on October 22, 2010.

“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 2010 Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement dated as of ________, 2010.

“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 Indenture, dated as of March 1, 2008, between the Commission and the Trustee, 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.

“Official Statement” shall mean the Official Statement of the Commission, dated ________, 2010, relating to the Series 2010 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 ________, 2010, relating to the Series 2010 Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.


“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.

“Series 2010 Bonds” shall mean, collectively, the 2010 Series A Bonds and the 2010 Series B Bonds.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate of the Commission dated the Closing Date.

“Third Supplemental Indenture” shall mean the Third Supplemental Indenture, dated as of October 1, 2010, between the Commission and U.S. Bank National Association, as Trustee, as amended or supplemented.
“2010 Series A Bonds” shall mean the $______ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds).

“2010 Series B Bonds” shall mean the $______ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds).

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 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 Series 2010 Bonds. The Representative agrees to promptly file a copy of the Official Statement, including any supplements prepared by the Commission, with the Municipal Securities Rulemaking Board and a nationally recognized municipal securities information repository (“NRMSIR”). 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 a 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 from a NRMSIR, 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 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 Series 2010 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 Series 2010 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 Series 2010 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 2010 Series A Bonds, at an aggregate purchase price of $______$ (the “Series A Purchase Price”) (which Series A Purchase Price is equal to the aggregate principal amount of the 2010 Series A Bonds, less an underwriters’ discount of $______), and the $______ aggregate principal amount of the 2010 Series B Bonds, at
an aggregate purchase price of $________ (the “Series B Purchase Price”) (which Series B Purchase Price is equal to the aggregate principal amount of the 2010 Series B Bonds, [plus/minus] a net original issue [premium/discount], less an underwriters’ discount of $________). The Series A Purchase Price and the Series B Purchase Price are collectively referred to herein as the “Purchase Price.”

4. **The Series 2010 Bonds.** The principal amounts, maturity dates, interest rates and prices with respect to the Series 2010 Bonds shall be as described in the Official Statement and in Appendix A hereto.

5. **Public Offering of the Series 2010 Bonds.** Except as otherwise disclosed and agreed to by the Commission, the Underwriters agree to make a bona fide public offering of the Series 2010 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 such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Series 2010 Bonds, and to sell the Series 2010 Bonds to certain dealers (including dealers depositing the Series 2010 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 Series 2010 Bonds are sold. The Representative shall provide to the Commission on the Closing Date a certificate substantially in the form of Appendix B hereto stating that the Underwriters made a bona fide public offering of the Series 2010 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.

6. **Use of Documents.** The Commission hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Series 2010 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 ________, 2010, 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 Series 2010 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 Series 2010 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 Series 2010 Bonds, but neither the failure to print such numbers on the Series 2010 Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the Series 2010 Bonds in accordance with the terms of this Bond Purchase Agreement.
Delivery of the Series 2010 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 Series 2010 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 Series 2010 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 Series 2010 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 Series 2010 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 Series 2010 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, the Legal Documents, the Preliminary Official Statement and the Official Statement. 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 Series 2010 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 are 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 Series 2010 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 Series 2010 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 Series 2010 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 Series 2010 Bonds, the application of the proceeds of the sale of the Series 2010 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 Series 2010 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 Series 2010 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 2010 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 Series 2010 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 Series 2010 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 Series 2010 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 Series 2010 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 Series 2010 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 advise the Underwriters immediately of receipt by the Commission of any written notification with regard to the suspension of the qualification of the Series 2010 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 Series 2010 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 2010 Series B Bonds.

(l) The Series 2010 Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement and the Official Statement under the captions [“DESCRIPTION OF THE SERIES 2010 BONDS” and Appendix C — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”]; the proceeds of the Series 2010 Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions [“INTRODUCTION — Purpose of the Series 2010 Bonds” and “PLAN OF FINANCE”]; 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 2010 BONDS — General” and in Appendix D] as to which no representations or warranties are made [and the information in Appendices B and 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 2010 BONDS — General” and in Appendix D] as to which no representations or warranties are made) 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. 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, 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 has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Commission is a bond issuer whose arbitrage certificates may not be relied upon.

(s) The Commission is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(t) The financial statements of, and other financial information regarding, the San Diego County Regional Transportation 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, 2009 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 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, 2009 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(u) 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.

(v) Upon the delivery of the Series 2010 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.

(w) The sum of the principal of and interest on the Series 2010 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.

(x) The Commission has complied during the previous five years with all previous undertakings required pursuant to Rule 15c2-12.

(y) 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.

(z) The Commission is taking, and prior to the Closing Date will take, all action required as of the Closing Date to designate the Series A Bonds as “Build America Bonds” under Section 54AA(d) and as “qualified bonds” under Section 54AA(g) of the Internal Revenue Code of 1986 (the “Code”); the federal tax credit under Section 6431 of the Code for interest on the 2010 Series A Bonds will be payable to the Commission (or the Trustee, as the Commission’s agent (the “Agent”)); and the Commission covenants to comply, and to cause its Agent to comply, with the applicable procedures for claiming the credit.

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 Series 2010 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 Series 2010 Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, the California State Board of Equalization 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 Series 2010 Bonds, the exclusion of interest on the 2010 Series B Bonds from federal gross income and the exclusion of interest on the Series 2010 Bonds from State income taxation, addressed to the Commission substantially in the form attached as [Appendix E] 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 Preliminary Official Statement in the sections entitled [“DESCRIPTION OF THE SERIES 2010 BONDS,” (other than the information concerning DTC and the book-entry system) “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS [(other than any information concerning any liquidity facilities, swaps or remarketing agents)],” and “TAX MATTERS” and in the Official Statement in the sections entitled [“DESCRIPTION OF THE SERIES 2010 BONDS,” (other than the information concerning DTC and the book-entry system) “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS [(other than any information concerning any liquidity facilities, swaps or remarketing agents)],” “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 Series 2010 Bonds, and the form and content of such counsel’s opinion attached as [Appendix E] to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

(iii) The Series 2010 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 a reliance letter with respect thereto addressed to the Underwriters, from Nossaman, LLP, Disclosure Counsel, to the effect that: (i) the Series 2010 Bonds are exempt from the registration requirements of the 1933 Act; (ii) the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (iii) based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to their attention which would lead them to believe that the Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12) and the Official Statement as of their respective dates, and with respect to the Preliminary Official Statement, as of the date of the Bond Purchase Agreement, and with respect to the Official Statement, as of the Closing Date (excluding from each any information in the Official Statement relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the Official Statement and the appendices thereto, as to which no opinion need be expressed) contains an untrue statement of a material fact 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 in any material respect.

(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 Series 2010 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 Series 2010 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 Series 2010 Bonds and the compliance with the provisions of the Bond Purchase Agreement, the Legal Documents and the Series 2010 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 Series 2010 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 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 Series 2010 Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Series 2010 Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2010 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 Series 2010 Bonds, the Bond Resolution, the Legal Documents or the Bond Purchase Agreement;

(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 Series 2010 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 2010 BONDS — General” and in Appendix D, as to which no representations and warranties need be made, and the information in Appendices B and 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 2010 BONDS — General” and in Appendix D, as to which no representations and warranties need be made) did not and does not contain any untrue statement of a material fact and or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are 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, 2009, 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 Series 2010 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 Series 2010 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 Series 2010 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 Series 2010 Bonds or the Legal Documents to which it is a party.

(12) A certified copy of the proceedings relating to authorization and approval of the Sales Tax.

(13) A certified copy of the Board Resolution.

(14) Fully executed copies of each of the Legal Documents.

(15) Evidence of required filings with the California Debt and Investment Advisory Commission.

(16) A copy of the Blue Sky Survey with respect to the Series 2010 Bonds.

(17) 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.

(18) Evidence as of the Closing Date satisfactory to the Representative that the Series 2010 Bonds have received a rating of “Aa1” from Moody’s Investors Service, “AAA” from Standard & Poor’s Ratings Services (or such other equivalent rating as Moody’s Investors Service and Standard & Poor’s Ratings Services shall issue), and that such ratings have not been revoked or downgraded.

(19) Two transcripts of all proceedings relating to the authorization and issuance of the Series 2010 Bonds, which may be in digital form.

(20) 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 Series 2010 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;

(ii) the market for the Series 2010 Bonds or the market prices of the Series 2010 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2010 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 Series 2010 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 Series 2010 Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(B) legislation shall have been 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 by the Tax Court of the United States, or an 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 Series 2010 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 calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred or the general suspension of trading 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 Series 2010 Bonds, or the issuance, offering or sale of the Series 2010 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

(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 Series 2010 Bonds; or

(iv) an event described in paragraph (p) of Section 8 hereof
shall have occurred which, in the reasonable professional judgment of the
Representative, requires the preparation and publication of a supplement or
amendment to the Official Statement; or

(v) any litigation shall be instituted or be pending at the
Closing Time to restrain or enjoin the issuance, sale or delivery of the Series 2010
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 Series 2010 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 Series 2010 Bonds; or

(vi) any rating of the Series 2010 Bonds by a national rating
agency shall have been withdrawn or reduced.

If the Underwriters terminate their obligation to purchase the Series 2010 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 Representative’s 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
Representative’s 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 Series 2010 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 Series 2010 Bonds, not misleading.
13. **Indemnification.** The Commission (an “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 an “Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as 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 2010 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS,” “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION,” “THE SALES TAX,” “SUMMARY OF FINANCING PLAN,” “COMMISSION INVESTMENT PORTFOLIO,” “ADDITIONAL TERMS OF THE SERIES 2010 BONDS,” 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 Indemnified Party, provided that in no event shall the Commission be obligated for double indemnification.

The Underwriters (collectively, an “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 “Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as 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 Indemnified Party, provided that in no event shall the Underwriters be obligated for double indemnification.

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.

14. **Expenses.** (a) Whether or not the Series 2010 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 Series 2010 Bonds; (ii) any fees charged by
any rating agency for issuing the rating on the Series 2010 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; and (v) any out-of-pocket disbursements of the
Commission. Whether or not the Series 2010 Bonds are issued as contemplated by this Bond
Purchase Agreement, unless the Commission has breached this Bond Purchase Agreement, the
Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the Series
2010 Bonds by the MSRB or the NASD; (ii) all advertising expenses in connection with the
public offering and distribution of the Series 2010 Bonds (excluding any expenses of the
Commission and its employees or agents); (iii) any fees payable to the California Debt and
Investment Advisory Commission; and (iv) all other expenses incurred by them or any of them
in connection with the public offering and distribution of the Series 2010 Bonds, including the
fees and disbursements of Underwriters’ Counsel.

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:

Barclays Capital Inc.
555 California Street, 41st Floor
San Francisco, California 94104
Attention: John McCray-Goldsmith

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 Series 2010 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.

[Signatures contained on next page.]
18. **Applicable Law.** This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

BARCLAYS CAPITAL INC.
RBC CAPITAL MARKETS, INC.
E. J. DE LA ROSA & CO., INC.
SIEBERT BRANDFORD SHANK & CO., LLC
GOLDMAN, SACHS & CO.

By BARCLAYS CAPITAL INC.,
as Representative

By: ____________________________
    Director

The foregoing is hereby agreed to and accepted as of the date first above written:

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: ____________________________
    Gary L. Gallegos
    Executive Director
APPENDIX A

MATURITY SCHEDULE

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

2010 SERIES A (TAXABLE BUILD AMERICA BONDS)

<table>
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<th>Maturity (April 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
</tr>
</thead>
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</tr>
</tbody>
</table>

2010 SERIES B (TAX-EXEMPT BONDS)

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<th>Maturity (April 1)</th>
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<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
</tr>
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<tr>
<td>20__</td>
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<tr>
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</tbody>
</table>
CERTIFICATE OF THE REPRESENTATIVE REGARDING OFFERING PRICES

This certificate is furnished by Barclays Capital Inc., as representative of the underwriters (the “Representative”) listed in the Bond Purchase Contract, dated ________, 2010 (the “Bond Purchase Contract”), among the Representative 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), 2010 Series A (Taxable Build America Bonds) and 2010 Series B (Tax-Exempt Bonds) (the “Bonds”).

Certain information furnished in this certificate has been derived from other purchasers, bond houses and brokers and has not been independently verified by us. We have relied (without any independent investigation or verification) on trades reported to the Municipal Securities Rulemaking Board via its EMMA portal for all information regarding trades to which neither the Representative nor the syndicate account were a party. We make no representations as to the accuracy of any information reported on the EMMA portal.

THE UNDERSIGNED HEREBY CERTIFY AS FOLLOWS:

1. The undersigned is authorized to execute this certificate on behalf of the Representative.

2. On ________, 20__ (the “Sale Date”), all of the Bonds have been the subject of a bona fide offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the “Public”) pursuant to the Bond Purchase Contract, and on the Sale Date we reasonably expected that all of each maturity could be initially sold to the Public at the respective price for that maturity, as set forth in Schedule ___ hereto. [Except for the Bonds scheduled to mature on ________, 20__, the] The first price at which at least 10% of the principal amount of each maturity of the Bonds initially was sold to the Public was the respective price for that maturity shown on Schedule ___ hereto. For purposes of this certificate, we have assumed that (a) the phrase “bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers” refers only to persons who, to our actual knowledge, are acting in such capacity, and (b) sales of the Bonds reported as “Customer” trades on the EMMA portal are sales to the Public, unless we have specific knowledge to the contrary.

3. We have no reason to believe that the prices shown on Schedule 1 hereto represent prices that are greater than the expected fair market value or market-clearing prices for all of the Bonds as of the Sale Date.

4. [Subject to particular facts--For the Bonds scheduled to mature on ________, 20__, 10% or more of such Bonds were not sold to the Public at any single price on the Sale Date, and none of such Bonds were sold on the Sale Date to any person at a price higher than (or a yield lower than) the price for such Bonds shown on the attached schedule.]
5. The San Diego County Regional Transportation Commission may rely on the foregoing representations in making its certification as to issue price of the Bonds under the Code, and Orrick, Herrington & Sutcliffe LLP, as bond counsel, may rely on the foregoing representations in rendering their opinion that the Bonds qualify for the credit allowed under Section 6431 of the Code; provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under section 148 of the Internal Revenue Code.

Dated: __________ __, 20__.  

BARCLAYS CAPITAL INC., as Representative

By: ________________________________  
Authorized Signatory
Schedule 1
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated ________, 2010, is executed and delivered by the San Diego County Regional Transportation Commission (the "Issuer") 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), Series 2010 A (Taxable Build America Bonds) and 2010 Series B (Tax-Exempt Bonds) (hereinafter collectively referred to as the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of March 1, 2008, as supplemented and amended by a First Supplemental Indenture (the “First Supplemental Indenture”) thereto, dated as of March 1, 2008, a Second Supplemental Indenture (the “Second Supplemental Indenture”) thereto, dated as of July 1, 2008, and a Third Supplemental Indenture (the “Third Supplemental Indenture”) thereto, dated as of October 1, 2010 (hereinafter collectively referred to as the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”). Pursuant to Section 24.01 of the Indenture, the Issuer and the Dissemination Agent covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders (as such term is defined in the Indenture) and the Beneficial Owners (as hereinafter defined) of the Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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 Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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.

Central Post Office means the DisclosureUSA website maintained by the Municipal Advisory Council of Texas or any successor thereto, or any other organization or method approved by the staff or members of the Commission as an intermediary through which issuers may, in compliance with the Rule, make filings required by this Disclosure Agreement.

Commission means the Securities and Exchange Commission.

Disclosure Representative shall mean the designee of the Issuer designated to act as the Disclosure Representative, or such other person as the Issuer shall designate in writing to the Trustee from time to time.

Dissemination Agent shall mean an entity selected and retained by the Issuer, or any successor thereto selected by the Issuer. The initial Dissemination Agent shall be Digital Assurance Certification LLC.
Listed Events shall mean any of the events listed in Section 5(a) of this Disclosure Agreement and any other event legally required to be reported pursuant to the Rule.

National Repository shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories approved by the Securities and Exchange Commission as of the date of this Disclosure Agreement are currently set forth at the following website: http://emma.msrb.org/.

Participating Underwriters shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Repository shall mean each National Repository and each State Repository.

Rule shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

State shall mean the State of California.

State Repository shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall provide to each Repository, or shall cause the Dissemination Agent to provide to each Repository, not later than two hundred ten (210) days after the end of the Issuer's fiscal year, commencing with the fiscal year ending June 30, 2010, 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. Not later than one (1) Business Day prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent. The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Issuer hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer.

(b) If by one (1) Business Day prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent has not received an Annual Report by the date required in the first sentence of subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the Issuer), to the extent appropriate information is available to it, file a report with the Issuer certifying that the Annual Report has
been provided pursuant to this Disclosure Agreement, stating the date it was provided, listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer 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 Issuer's 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 __________, 2010, relating to the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The amount of Sales Tax Revenues (as such term is defined in the Official Statement) received as of the most recently ended fiscal year of the Issuer.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the 2010 Series A Bonds;
7. modifications to rights of Holders;
8. bond calls;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds; and

11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would constitute material information for Holders of Bonds.

(c) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository, the Municipal Securities Rulemaking Board. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in subsections (a)(1), (4) or (5) shall be given by the Dissemination Agent unless the Issuer gives the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(4) and (5) shall not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

(e) Termination of Reporting Obligation. The obligations of the Issuer, the Trustee and the Dissemination Agent 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 Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f) hereof.

SECTION 6. Dissemination Agent; Use of Central Post Office; Use of Internet Site.

(a) The Issuer 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 at any time by providing at least thirty (30) days' notice in writing to the Issuer and the Trustee.

(b) The Issuer reserves the right to make any filing with a Repository which is required by this Disclosure Agreement by submitting such filing information to the Central Post Office.

(c) Notwithstanding any other provision of this Disclosure Agreement to the contrary, the Issuer may provide any Annual Report to Beneficial Owners by means of posting such Annual Report on an internet site that provides open access to Beneficial Owners.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be
waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities
laws acceptable to the Issuer, the Trustee and the Dissemination Agent to the effect that such amendment
or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment
or waiver had been effective on the date hereof but taking into account any subsequent change in or
official interpretation of the Rule.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be
deeded to prevent the Issuer 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 Issuer 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 Issuer shall have no obligation under this Agreement to update such
information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Issuer or the Dissemination
Agent to comply with any provision of this Disclosure Agreement, any Holder 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 Issuer or the Dissemination Agent 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 Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be
an action to compel performance. The Issuer and the Dissemination Agent hereby represents and
warrants that it is currently not in default under any other continuing disclosure arrangement entered into
in connection with the Rule.

SECTION 10. 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 Issuer and the Trustee 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 Issuer 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 Issuer, the Trustee, the Holders,
or any other party. The obligations of the Issuer under this Section shall survive resignation or removal of
the Dissemination Agent and payment of the Bonds.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the
benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders
and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or
entity.

SECTION 12. Notices. All 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 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: ________________________________
    Director of Finance

DIGITAL ASSURANCE CERTIFICATION LLC,
as Dissemination Agent

By: ________________________________
    Authorized Officer

Receipt Acknowledged By:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ________________________________
    Authorized Signatory
NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Diego County Regional Transportation Commission

Name of Bond Issue: $ __________ San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010 A (Taxable Build America Bonds) and 2010 Series B (Tax-Exempt Bonds)

Date of Issuance: _______ __, 2010

NOTICE IS HEREBY GIVEN that the San Diego County Regional Transportation Commission (the "Issuer") has not provided an Annual Report with respect to the above-referenced Bonds as required by Section 24.01 of that certain Indenture, dated as of March 1, 2008, as supplemented and amended by a First Supplemental Indenture (the “First Supplemental Indenture”) thereto, dated as of March 1, 2008, a Second Supplemental Indenture (the “Second Supplemental Indenture”) thereto, dated as of July 1, 2008, and a Third Supplemental Indenture (the “Third Supplemental Indenture”) thereto, dated as of October 1, 2010, between the Issuer and U.S. Bank National Association, as trustee. The Issuer anticipates that the Annual Report will be filed by ________________.

Dated:

Digital Assurance Certification LLC,
as dissemination agent on behalf of the Issuer

By: ________________________________
Its: ________________________________

cc: San Diego County Regional Transportation Commission
## CATALOGUE OF OUTSTANDING (BLANK) ITEMS BY DOCUMENT

### SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

**SALES TAX REVENUE BONDS**

**(LIMITED TAX BONDS)**

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<td>Commission</td>
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<td>Secretary’s Certificate/ Page 9</td>
<td>Signatures and Date</td>
<td>Commission</td>
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## PRELIMINARY OFFICIAL STATEMENT

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<tr>
<td>Cover</td>
<td>Date of Preliminary Official Statement (x2)</td>
<td>Disclosure Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>Cover</td>
<td>Par Amount of Bonds (combined; Series A and B)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>Cover</td>
<td>Date of Bonds Delivery</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>Cover</td>
<td>Date of Official Statement</td>
<td>Financial Advisor/ Underwriters/ Commission</td>
<td>Bond Pricing</td>
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<td>Summary of Offering</td>
<td>Par Amount of Bonds (Series A and B)</td>
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<td>Summary of Offering</td>
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<td>Redemption Provision Dates – Series B</td>
<td>Underwriters</td>
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<td>Extraordinary Redemption Make-Whole Discount Rate</td>
<td>Financial Advisor/ Underwriters</td>
<td>Prior to Posting POS</td>
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<td>4</td>
<td>Redemption Provision Date – Series A</td>
<td>Underwriters</td>
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<td>4</td>
<td>Mandatory Sinking Account Payments – Series A</td>
<td>Financial Advisor/ Underwriters</td>
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<td>Mandatory Redemption Provision Dates – Series B</td>
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<td>Bond Pricing</td>
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<td>5</td>
<td>Mandatory Sinking Account Payments – Series B</td>
<td>Financial Advisor/ Underwriters</td>
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<td>8</td>
<td>Debt Service Schedule</td>
<td>Financial Advisor/ Underwriters</td>
<td>Bond Pricing</td>
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## PRELIMINARY OFFICIAL STATEMENT

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<td>Maximum Annual Debt Service Multiplier</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
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<td>21</td>
<td>Estimated Sources and Uses of Funds</td>
<td>Financial Advisor/Underwriters</td>
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<td>31</td>
<td>Purchase Price of Bonds (Series A)</td>
<td>Underwriter and Commission</td>
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<td>31</td>
<td>Underwriters’ Discount (Series A)</td>
<td>Underwriter and Commission</td>
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<tr>
<td>31</td>
<td>Purchase Price of Bonds (Series B)</td>
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<td>31</td>
<td>Underwriters’ Discount (Series B)</td>
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<td>Commission</td>
<td>Bond Pricing</td>
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<td>Bond Counsel</td>
<td>When consents from Liquidity Providers have been obtained</td>
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<td>Financial Advisor/Underwriters/Commission</td>
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<td>23.01/9</td>
<td>Aggregate Principal Amount</td>
<td>Financial Advisor/Underwriters</td>
<td>Post-Pricing</td>
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<td>23.02/9</td>
<td>Net proceeds</td>
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<td>23.02/9</td>
<td>Allocations of proceeds to Indenture Accounts</td>
<td>Financial Advisor/Underwriters</td>
<td>Post-Pricing</td>
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<td>Aggregate Principal Amount of Series A Bonds and Term Bond Maturities</td>
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<td>Pricing</td>
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<td>23.04/10</td>
<td>Aggregate Principal Amount of Series B Bonds and Term Bond Maturities</td>
<td>Underwriters</td>
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<td>23.05(a) and (b)/11</td>
<td>Certain Redemption Provisions and Redemption Dates for 2010 Series A and B Bonds</td>
<td>Underwriters</td>
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<td>23.06/13-14</td>
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<td>Underwriters</td>
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<td>Page 20</td>
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<td>Commission/Trustee/Bond Counsel</td>
<td>Pre-closing</td>
</tr>
<tr>
<td>Exhibit A / A-1/5</td>
<td>Bond Number, Principal Amount, Interest Rate, Issue Date, CUSIP, Signatures etc.</td>
<td>N/A</td>
<td>With the exception of one item described below, these blanks and brackets are not intended to be filled in. This Exhibit is a Form of the Bond. The actual Bonds will be separate documents created prior to Closing.</td>
</tr>
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### Second Supplement to the Amended and Restated Subordinate Indenture

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<td>Bond Counsel</td>
<td>Upon receipt of consents from Liquidity Provider and Counterparties</td>
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<td>Page</td>
<td>Outstanding Items</td>
<td>Responsible Parties</td>
<td>Expected Availability</td>
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<td>Par amount of Bonds (Series A)</td>
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<td>1</td>
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<td>Date of Bond Purchase Agreement</td>
<td>Underwriters’ Counsel</td>
<td>Bond Pricing</td>
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<td>Date of Continuing Disclosure Agreement</td>
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<td>Bond Pricing</td>
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<td>2</td>
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<td>Bond Pricing</td>
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<td>2</td>
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<td>Disclosure Counsel</td>
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<td>2</td>
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<td>Bond Pricing</td>
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<td>Par amount of Bonds (Series A) (2x)</td>
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<td>Bond Pricing</td>
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<tr>
<td>3</td>
<td>Par amount of Bonds (Series B) (2x)</td>
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<td>Purchase price of 2010 Series A Bonds</td>
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<td>Bond Pricing</td>
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<td>3</td>
<td>Underwriters’ Discount 2010 Series A Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
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<tr>
<td>4</td>
<td>Purchase price of 2010 Series B Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
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<td>4</td>
<td>Underwriters’ Discount 2010 Series B Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
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<td>4</td>
<td>Date of Closing</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
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<td>S-1</td>
<td>All Signatories</td>
<td>Indicated Parties</td>
<td>Upon sale of Bonds</td>
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<td>Appendix A</td>
<td>Bond amounts, maturities, interest rates, prices and yields</td>
<td>Underwriter and Commission</td>
<td>Upon sale of Bonds</td>
</tr>
<tr>
<td>Appendix B</td>
<td>All Blanks</td>
<td>Underwriter and Bond Counsel</td>
<td>Upon sale of Bonds</td>
</tr>
</tbody>
</table>
## Continuing Disclosure Agreement

**Continuing Disclosure Agreement** between **San Diego County Regional Transportation Commission** and **U.S. Bank**

<table>
<thead>
<tr>
<th>Document</th>
<th>Page</th>
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<td>Date of Agreement</td>
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<td>Bond Pricing</td>
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<td>1</td>
<td>Par Amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
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<tr>
<td></td>
<td>3</td>
<td>Date of Official Statement</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
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<tr>
<td></td>
<td>6</td>
<td>Signatures</td>
<td>Commission</td>
<td>Bond Pricing</td>
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<tr>
<td>A-1</td>
<td>Par Amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
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<tr>
<td>A-1</td>
<td>Date of Issuance</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
<td></td>
</tr>
<tr>
<td>A-1</td>
<td>Entity Filing Annual Report, Signatures, and Date</td>
<td>Commission</td>
<td>Bond Pricing</td>
<td></td>
</tr>
</tbody>
</table>
RESOLUTION NO. 2010-7393

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS REQUESTING SANDAG, ACTING AS THE SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, TO PROVIDE ADVANCED FUNDING THROUGH DEBT FINANCING FOR ELIGIBLE TRANSNET IMPROVEMENT PROJECTS

WHEREAS, San Diego Association of Governments, acting as the San Diego County Regional Transportation Commission (SANDAG), 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, 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 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 applicable bonds are fully repaid; and

WHEREAS, the following projects being implemented by the City of San Marcos (hereinafter the “City”) have been approved or are being submitted by SANDAG through the TransNet Extension Program of Projects in the 2010 Regional Transportation Improvement Program (RTIP) and would benefit from the availability of advance funding:

<table>
<thead>
<tr>
<th>Project Title and MPO ID</th>
<th>Debt Proceeds Amt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borden Road Street and Bridge Improvements (SM25)</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>San Marcos Boulevard Street Improvements (SM30)</td>
<td>$9,500,000</td>
</tr>
<tr>
<td>San Marcos Creek Bridge at State Route 78 (SM45)</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Nordahl Road Bridge at State Route 78 (SM47)</td>
<td>$4,500,000</td>
</tr>
</tbody>
</table>

WHEREAS, the City will program said TransNet funds and follow up with City Council on an RTIP amendment, no later than November 30, 2010, consistent with the
actions taken below with at least 85 percent of the TransNet debt proceeds programmed and spent prior to November 1, 2013.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of San Marcos that:

1. The City Manager is hereby authorized to request advance funding from SANDAG through the TransNet debt financing program in an amount not to exceed $30,000,000; and

2. The City Manager is hereby authorized to execute any necessary documents relating to the receipt of said funds from SANDAG, including but not limited to a Memorandum of Agreement (MOA) in substantially the same form as attached to this Resolution (Attachment A); and

3. The City will be responsible for paying its proportionate share of bond issuance costs and the annual interest and administrative costs of the TransNet debt financing program based on the ratio of the amount of financing provided to the City compared to the total debt outstanding for each fiscal year; and

4. SANDAG will deduct said bond issuance costs and interest and administrative costs from the monthly TransNet tax allocation for the City prior to remitting any remaining TransNet tax proceeds for projects of the City; and

5. The City will repay to SANDAG the principal amount borrowed according to the Payment Schedule that will be attached to the proposed MOA; and

6. The first priority use of the City’s annual allocation of TransNet revenues shall be payment of the principal amount borrowed according to the Payment Schedule and any issuance costs, administrative costs and interest due. The City agrees not to subordinate SANDAG’s lien on the TransNet revenues to any other claim upon these funds.

7. The City 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.
Resolution No. 2010-7393
Page 3

PASSED, APPROVED AND ADOPTED by the City Council of the City of San Marcos this 28th day of September, 2010, by the following roll call votes:

AYES: COUNCILMEMBERS: JONES, MARTIN, ORLANDO, PRESTON, DESMOND
NOES: COUNCILMEMBERS: NONE
ABSENT: COUNCILMEMBERS: NONE

James M. Desmond, Mayor
City of San Marcos

ATTEST:

Susie Vasquez, City Clerk
City of San Marcos
RESOLUTION 2010-140

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, REQUESTING SANDAG, ACTING AS THE SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, TO PROVIDE ADVANCED FUNDING THROUGH DEBT FINANCING FOR IMPROVEMENTS ON THE HIGHWAY 101 STREETSCAPING PROJECT

WHEREAS, the San Diego Association of Governments, acting as the San Diego County Regional Transportation Commission (SANDAG), 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, 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 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 applicable bonds are fully repaid; and

WHEREAS, the following project being implemented by the City of Solana Beach has been approved or is being submitted by SANDAG through the TransNet Extension Program of Projects in the 2010 Regional Transportation improvement Program and would benefit from the availability of advance funding:

Highway 101 Streetscaping/Traffic Calming Project

NOW, THEREFORE, the City Council of the City of Solana Beach, California, does resolve as follows:

1. That the above recitations are true and correct.

2. That the City Manager is hereby authorized to request advance funding from SANDAG through the TransNet debt financing program in the amount not to exceed $6,000,000.

3. That the City Manager is hereby authorized to execute any necessary documents relating to the receipt of said funds from SANDAG, including but not limited to a Memorandum of Agreement (MOA) in substantially the same form as attached to this resolution (Attachment 1).
4. That the City of Solana Beach will be responsible for paying its proportionate share of the bond issuance costs and the annual interest and administrative costs of the TransNet debt financing program based on the ratio of the amount financing provided to the City of Solana Beach compared to the total debt outstanding for each fiscal year.

5. That SANDAG will deduct said bond issuance costs and interest and administrative costs from the monthly TransNet tax allocations for the City of Solana Beach prior to remitting any remaining TransNet tax proceeds for the projects of the City of Solana Beach.

6. That the City of Solana Beach will repay to SANDAG the principal amount borrowed according to the Payment Schedule that will be attached to the propose MOA.

7. That the first priority use of the City of Solana Beach’s annual allocation of TransNet revenues shall be payment of the principal amount borrowed according to the Payment Schedule and any issuance costs, administrative costs and any interest due. The City of Solana Beach agrees not to subordinate SANDAG’s lien on the TransNet revenues to any other claim upon these funds.

8. That the City of Solana Beach 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 this 4th day of October, 2010, at a special meeting of the City Council of the City of Solana Beach, California by the following vote:

AYES: Councilmembers – Campbell, Heebner, Kellejian, Roberts, Nichols
NOES: Councilmembers – None
ABSTAIN: Councilmembers – None
ABSENT: Councilmembers – None

THOMAS M. CAMPBELL, Mayor

APPROVED AS TO FORM:

JOHANNA N. CANLAS, City Attorney

ATTEST:

ANGELA IVEY, City Clerk
RESOLUTION NO. 075 – 2010

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF Santee,
California, Requesting SANDAG, Acting as the San Diego County
Regional Transportation Commission, to Provide Advanced
Funding Through Debt Financing for Improvements on the
Forester Creek Improvement Project and the Santee Street
Rehabilitation and Major Repair Work Program

WHEREAS, San Diego Association of Governments, acting as the San Diego
County Regional Transportation Commission (SANDAG), 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, 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 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 applicable bonds are fully repaid; and

WHEREAS, the following projects being implemented by the City of Santee have
been approved or are being submitted by SANDAG through the TransNet Extension
Program of Projects in the 2010 Regional Transportation improvement Program and
would benefit from the availability of advance funding:

1. Forester Creek Improvement Project, $3,950,000
2. Santee Street Rehabilitation and Major Repair Program, $4,500,000

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of
Santee, California, as follows:

1. That the City Manager is hereby authorized to request advance funding from
SANDAG through the Transnet debt financing program in an amount not to exceed
$3,950,000 for the Forester Creek Improvement Project and $4,500,000 for the
Santee Street Rehabilitation and Major Repair Program.

2. That the City Manager is hereby authorized to execute any necessary documents
relating to the receipt of said funds from SANDAG, including but not limited to a
Memorandum of Agreement (MOA) in substantially the same form as attached to
this Resolution (Attachment 1).

3. That the City of Santee will be responsible for paying its proportionate share of bond
issuance costs and the annual interest and administrative costs of the TransNet debt
financing program based on the ratio of the amount of financing provided to the City
of Santee compared to the total debt outstanding for each fiscal year.

4. That SANDAG will deduct said bond issuance costs and interest and administrative
costs from the monthly TransNet tax allocations for the City of Santee prior to
remitting any remaining TransNet tax proceeds for projects of the City of Santee.
RESOLUTION NO. 075 – 2010

5. That the City of Santee will repay to SANDAG the principal amount borrowed according to the Payment Schedule that will be attached to the proposed MOA.

6. That the first priority use of the City of Santee’s annual allocation of TransNet revenues shall be payment of the principal amount borrowed according to the Payment Schedule and any issuance costs, administrative costs and interest due. The City of Santee agrees not to subordinate SANDAG’s lien on the TransNet revenues to any other claim upon these funds.

7. That the City of Santee 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.

ADOPTED by the City Council of the City of Santee, California, at a Regular Meeting thereof held this 22nd day of September 2010, by the following roll call vote to wit:

AYES: DALE, JONES, MINTO, RYAN, VOEPEL

NOES: NONE

ABSENT: NONE

APPROVED:

RANDY VOEPEL, MAYOR

ATTEST:

PATSY BELL, CMC, INTERIM CITY CLERK

Attachment: Attachment 1 – Memorandum of Agreement (MOA)
RESOLUTION NO. 2010 – 233

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY
REQUESTING SANDAG, ACTING AS THE SAN DIEGO COUNTY
REGIONAL TRANSPORTATION COMMISSION, TO PROVIDE ADVANCED
FUNDING THROUGH DEBT FINANCING AND REFINANCE THE VARIABLE
RATE COMMERCIAL PAPER OF $3,366,000 INTO FIXED RATE BONDS

WHEREAS, San Diego Association of Governments, acting as the San Diego
County Regional Transportation Commission (SANDAG), 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, 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 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 applicable bonds are fully repaid; and

WHEREAS, on April 1, 2008, Resolution No. 2008-51 authorized the City to
receive advanced funding of $4.5 Million of the City’s share of TransNet funding. The City
agreed to pay its proportionate share of the annual interest and administrative costs of the
commercial paper program; and

WHEREAS, in July 2010, SANDAG notified member agencies of its intent to
issue long term bonds. The bond issue provides an opportunity for the City to refinance its
current balance of variable rate commercial paper of $3,366,000 to a fixed bond rate from fiscal
year 2011-2020; and

WHEREAS, the following project being implemented by the City of National City
has been approved or are being submitted by SANDAG through the TransNet Extension
Program of Projects in the 2010 Regional Transportation improvement Program, and would
benefit from the availability of advance funding:

REFINANCE VARIABLE RATE COMMERCIAL PAPER IN THE AMOUNT OF $3,366,000 FOR
USE ON CITY STREET RESURFACING PROJECTS

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of
National City as follows:

1. That the City Manager is hereby authorized to request advance funding from
   SANDAG through the TransNet debt financing program in an amount not to
   exceed $3,366,000.

2. That the City Manager is hereby authorized to execute any necessary documents
   relating to the receipt of said funds from SANDAG, including but not limited to a
   Memorandum of Agreement (MOA) in substantially the same form as attached to
   this Resolution (Attachment 1).
3. That the City of National City will be responsible for paying its proportionate share of bond issuance costs and the annual interest and administrative costs of the TransNet debt financing program based on the ratio of the amount of financing provided to the City of National City compared to the total debt outstanding for each fiscal year.

4. That SANDAG will deduct said bond issuance costs and interest and administrative costs from the monthly TransNet tax allocations for the City of National City prior to remitting any remaining TransNet tax proceeds for projects of the City of National City.

5. That the City of National City will repay to SANDAG the principal amount borrowed according to the Payment Schedule that will be attached to the proposed MOA.

6. That the first priority use of the City of National City's annual allocation of TransNet revenues shall be payment of the principal amount borrowed according to the Payment Schedule and any issuance costs, administrative costs and interest due. The City of National City agrees not to subordinate SANDAG's lien on the TransNet revenues to any other claim upon these funds.

BE IT FURTHER RESOLVED that the City of National City 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 this 5th day of October, 2010.

Ron Morrison, Mayor

ATTEST:

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Claudia G. Silva
City Attorney
Passed and adopted by the Council of the City of National City, California, on October 5, 2010 by the following vote, to-wit:

Ayes: Councilmembers Morrison, Sotelo-Solis, Van Deventer, Zarate.

Nays: None.

Absent: None.

Abstain: None.

AUTHENTICATED BY: RON MORRISON
Mayor of the City of National City, California

City Clerk of the City of National City, California

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2010-233 of the City of National City, California, passed and adopted by the Council of said City on October 5, 2010.
MEMORANDUM OF AGREEMENT
BETWEEN SAN DIEGO ASSOCIATION OF GOVERNMENTS, ACTING AS THE
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
AND THE CITY OF Santee
REGARDING DEBT FINANCING THROUGH THE TRANSNET PROGRAM

This Memorandum of Agreement ("MOA") is made and entered into effective as of this 22nd day of September, 2010, by and between the San Diego Association of Governments, acting as the San Diego County Regional Transportation Commission ("SANDAG") and City of Santee (City).

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 received until the principal amount of the loan is fully repaid; and

WHEREAS, the City wishes to borrow $3,950,000 through the TransNet debt financing program for the Forester Creek Improvement Project; and

WHEREAS, the City wishes to borrow $4,500,000 through the TransNet debt financing program for the Santee Street Rehabilitation and Major Repair Work Program; 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 City $3,950,000 and $4,500,000 through the TransNet debt financing for the Forester Creek Improvement Project and the Santee Street Rehabilitation and Major Repair Work Program, respectively, subject to certain conditions set forth below and SANDAG Board Policies concerning TransNet Extension Program loans.

2. SANDAG will transfer the borrowed funds to the City within 30 days following a request for reimbursement of valid expenditures for the Forester Creek Improvement Project and the Santee Street Rehabilitation and Major Repair Work Program.

THE CITY AGREES:

3. The governing body of City at its September 22, 2010, meeting approved the request to borrow $3,950,000 and $4,500,000 through the TransNet debt financing program for the Forester Creek Improvement Project and the Santee Street Rehabilitation and Major Repair Work Program respectively.

4. City agrees to use the funding provided under this MOA solely for the Forester Creek Improvement Project and the Santee Street Rehabilitation and Major Repair Work Program.

5. The City will pay its proportionate share of the bond 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 bonds are fully repaid.

6. The repayment of debt, in all cases, shall be the first priority on the use of City's annual TransNet revenues. City agrees not to subordinate SANDAG’s lien on the TransNet revenues to any other claim upon these 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 A hereto.

7. City 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 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 City of Santee: 10601 Magnolia Avenue, Santee, CA 92071, Attn: Director of Finance
3. That unless it is amended by the parties in writing, this MOA shall terminate on the date the final principal and interest amounts of the applicable bonds are fully repaid 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

GARY L. GALLEGOS
Executive Director

APPROVED AS TO FORM:

Office of General Counsel

CITY OF Santee
KEITH TILL
City Manager

APPROVED AS TO FORM:

Legal Counsel
2010-2014 COORDINATED PUBLIC TRANSIT
AND HUMAN SERVICES TRANSPORTATION PLAN

Introduction

SANDAG was designated by the State of California as the agency responsible for preparation of the federally mandated Coordinated Public Transit and Human Services Transportation Plan (Coordinated Plan) for San Diego County. The Coordinated Plan prepared by SANDAG also incorporates the Regional Short Range Transit Plan required by SANDAG Board of Directors Policy No. 018 (Transit Service Planning), as well as service monitoring data required by the state Transportation Development Act. The Coordinated Plan provides a five-year blueprint for the implementation of the public transit and human service transportation concepts described in the SANDAG 2030 Regional Transportation Plan (RTP): Pathways for the Future. SANDAG prepared the 2010-2014 Coordinated Plan with an emphasis on documenting the transportation needs in the rural areas of San Diego County.

On October 15, 2010, the Transportation Committee held a public hearing and recommended that the Board of Directors approve the Final Coordinated Plan. This item highlights key items covered by the Coordinated Plan, including the consideration of comments received. The Board of Directors is asked to approve the 2010-2014 Coordinated Plan (Attachment 3).

Discussion

The 2010-2014 Coordinated Plan represents the fourth edition of the plan designed to implement the goals and policies of the RTP while fulfilling the federal requirements under the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The plan involves the identification of mobility needs from a passenger perspective and includes strategies to meet those needs and promote coordination of public and social service transportation.

Updated Content

The plan includes an update of the transit and social service transportation monitoring statistics, passenger demand analysis, transportation inventory, and corresponding transportation needs assessment with particular attention paid to the rural areas of the County. Both survey and demographic information were examined for the Coordinated Plan to develop a better understanding of how these characteristics shape regional travel patterns.
A key highlight of this 2010-2014 Coordinated Plan is the addition of information on rural transportation services and needs. During the past year, SANDAG undertook a specific rural transportation survey effort to determine transportation demand in those areas given the lack of detailed Census information. The survey enabled SANDAG to understand trips that were not made due to the lack of available rural transportation resources. Additionally, since specific personal demographic questions were included in the survey (e.g., age, income, disability, etc.), SANDAG was able to estimate the percentage of unserved trips by each of the specific population groups evaluated in the plan.

The unmet transportation needs of the rural communities also were further refined through phone interviews with community leaders, outreach meetings, and input from the Social Service Transportation Advisory Council. The draft 2010-2014 Coordinated Plan also was prepared in collaboration with staff members from the Metropolitan Transit System, North County Transit District, Caltrans, and the Coordinated Transportation Services Agency (CTSA) for San Diego County (FACT).

Public Comments

On September 17, 2010, the Transportation Committee released the Draft Coordinated Plan for public comment through October 14, 2010, and held a public hearing at its meeting on October 15, 2010. Attachment 2 summarizes the six comments SANDAG received during the comment period, including a letter received from a Ramona citizen and member of the Ramona Transportation Action Committee noting the absence of any transportation agency in the rural areas. All of the comments were supportive of the plan with three of the comments requesting additional information. One of the comments also was from the CTSA for San Diego County (FACT) regarding the clarification of its services in Chapter 6; these requested modifications have been incorporated into the final plan. Another comment letter was received from the San Diego County Aging & Independence Services discussing the need for non-emergency transportation. The response letter also is included in Attachment 2 noting that Chapter 5 articulates this need, which is included as a high priority strategy in Chapter 8. Any additional comments made at the October 15, 2010, public hearing will be reported to the Board at its October 22, 2010, meeting.

Implementation and Funding Distribution

The approval of the Coordinated Plan will enable the continued competitive distribution of federal funding under the New Freedom (transportation for people with disabilities), Job Access and Reverse Commute (JARC) (reverse commute transportation and work-related transportation for individuals with limited means), and Section 5310 (seniors and persons with disabilities) programs. The plan also is used to guide the competitive distribution of local funding for projects targeted at improving specialized transportation for seniors (TransNet Senior Mini-Grant program), which was created through the TransNet Extension. Additionally, the specific inclusion of rural transportation needs in this year’s plan will enable rural communities and organizations serving the rural areas to be eligible for additional federal grant funds administered by the State of California.
Next Steps

Copies of the approved 2010-2014 Coordinated Plan and resolution will be forwarded to Caltrans to enable it to hold the competitive process for New Freedom and JARC grants in the rural areas of the San Diego region. A copy of the Final 2010-2014 Coordinated Plan (Attachment 3) also will be forwarded to the Federal Transit Administration. Printed copies of the Technical Appendix will be available at the Board of Directors meeting and can be accessed on the SANDAG Web site at www.sandag.org/coordinatedplan.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Draft Resolution No. 2011-08
2. 2010-2014 Coordinated Plan Comments and Responses
3. Final 2010-2014 Coordinated Plan, October 2010

Key Staff Contact: Philip Trom, (619) 699-7330, ptr@sandag.org
RESOLUTION
NO. 2011-08

APPROVING THE 2010-2014 COORDINATED PUBLIC TRANSIT – HUMAN SERVICES TRANSPORTATION PLAN
IN CONFORMANCE WITH THE SAFE, ACCOUNTABLE, FLEXIBLE, AND EFFICIENT TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS

WHEREAS, the federal Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) requires that each region prepare a Locally Developed Coordinated Public Transit – Human Services Transportation Plan (Coordinated Plan); and

WHEREAS, SAFETEA-LU introduced a requirement that funding for three federal programs be derived from a locally developed Coordinated Plan and that these programs are the Federal Transit Administration Job Access and Reverse Commute (JARC) (Section 5316), New Freedom (NF) (Section 5317), and Elderly Persons with Disabilities (Section 5310) programs; and

WHEREAS, the Governor of California has determined that SANDAG will be the designated recipient of funds for these three programs;

NOW THEREFORE

BE IT RESOLVED that the Board of Directors approves the 2010–2014 Coordinated Plan.

PASSED AND ADOPTED this 22nd of October 2010.

______________________________           ATTEST: ______________________________________
CHAIRPERSON                   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, San Diego Unified Port District, San Diego County Water Authority, Southern California Tribal Chairmen’s Association, and Mexico.
## 2010–2014 Coordinated Plan Comments and Responses

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<th>No.</th>
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<th>Name/Agency</th>
<th>Comment</th>
<th>Response</th>
<th>Chapter</th>
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| 1   | 9/17/2010 | Letter | Kristi Mansolf/Ramona Transportation Action Committee | The Ramona Transportation Action Committee submitted the following comments:  
1. Rural communities, such as Ramona, LACK the capacity to engage with the available transportation funding (JARC, New Freedom, Senior Mini-grant and 5310). The barriers we have observed include:  
   - the lack of elected officials & representation at SANDAG  
   - the lack of non-profits  
   - the lack of transportation champions  
   - the lack of matching grant monies  
   - the lack of local transportation providers  
2. To help compensate for these gaps, we feel “Rural Coordinators” or a “Rural Coordinating Entity” should be created in order to create sustainable, cost-effective transportation solutions using “rural models.”  
3. Funding previously directed at NCTD and MTS could be re-directed to this new rural effort, along with several other relevant funding streams. Tribal communities may be interested in becoming partners in rural efforts as well. (Letter Attached) | Comment noted. Staff will research inclusion of a rural coordinating entity/agency to more appropriately serve the rural areas. | No Specific Chapter |
| 2   | 10/10/2010| Web    | Larry Glavinic                      | I’m on the Valley Center VC Mobility Subcommittee of the VC Planning Group, a rural community. Public Safety is our major concern, and getting worse. There is a LACK of CAPACITY which is evident in the RTP and the County proposed GPU. I understand that there is a meeting on the Draft 2010-2014 COORDINATED PLAN soon, 10-15-2010? Please provide the time, date, and location. I’d like to provide input. | Hearing information sent via email. | No Specific Chapter |
| 3   | 10/10/2010| Web    | Rebecca Steiner                    | The Draft Plan appears to have included all the pertinent material needed for a well rounded transportation plan for the future. | None required | No Specific Chapter |
| 4   | 10/12/2010| Email  | Arun Prem, FACT                    | The DRAFT plan is a great resource; it documents needs objectively and I am finding useful statistics and background to support our proposals. A few comments that I mentioned to you earlier this week are listed below:  
**Here is a comment on the Coordinated Plan which you may want to consider for Chapter 7 - Needs Assessment:**  
FACT (Full Access and Coordinated Transportation) maintains an inventory of transportation services in San Diego County and provides free in person telephone referrals for the services. FACT tracks the number of referrals provided; between June 2009 and September 2010 (15 months) an average of 35 referrals were provided each month. An overwhelming majority of callers were seniors or relatives and caregivers of seniors, and were seeking referrals for transportation to access medical services. Most of the requests received pertained to travel | Chapter 6 was updated in the Final Plan to include the requested information. The “School” category was also corrected in Chapter 7 per the comment on Figure 7.4. | 6 and 7               |
within the urbanized areas of the County. Since there is no contact with the caller after the referral is provided FACT is unable to estimate the number of “successful” referrals, i.e. those that result in the caller finding a reasonably priced appropriate transportation option. Approximately half the referrals are to commercial taxi type services for lack of alternatives.

CHAPTER 6: TRANSPORTATION INVENTORY – Section 8. FACT Senior Ride Reimbursement Program - (the following is an updated version of the information in the DRAFT, and could replace the language in DRAFT):

This program subsidizes rides for seniors on the FACT coordinated transportation system called RideFACT. RideFACT was implemented on October 4, 2010. It is a senior transportation service that operates in Ramona and San Diego Country Estates. It is a general purpose shared ride, curb to curb, next–day service with a minimum fare of $3, that operates two days a week, on Tuesdays and Thursdays. FACT contracts with a private transportation provider for the service. FACT plans to provide 1,200 one way passenger trips during the first year of the RideFACT service and the contract may be extended based on the performance during the first year. This program was awarded up to $66,240 in Senior Mini-Grant funding through FY 2009 and FY 2010. The FACT Business Plan, approved in December 2009, provides an operational roadmap, schedule of scaled growth, and evaluation procedures that will be used to measure performance. In addition to trips provided through RideFACT, FACT services are measured in terms of STRIDE website hits and in-person telephone referrals provided. FACT maintains an updated inventory – a web based database of transportation services in San Diego County (STRIDE) and uses the data to provide telephone referrals to callers seeking transportation options. During the most recent 15 month period (June 2009 to September 2010), FACT recorded an average of 1,394 STRIDE website hits/month and 35 in person telephone referrals/month.

Page 7-3, Chapter 7, Figure 7.4: Trip Demand for Seniors

The category “School” appears twice on the x-axis which shows TRIP PURPOSE.

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<tbody>
<tr>
<td>5</td>
<td>10/13/2010</td>
<td>Web</td>
<td>Rosalinda Nepomuceno</td>
<td>The plan is very well organized and very thoroughly covered I enjoy reading chapters 1,3, and 4. I am interested the City Heights transit plaza (I15) completion. I am interested in the social services, and passenger centered approach aspects. Your doing a great Job! Please contact me as to meeting held for this plan.</td>
<td>Public hearing information sent via email.</td>
<td>No Specific Chapter</td>
</tr>
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<td>No.</td>
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<td>6</td>
<td>10/14/2010</td>
<td>Letter</td>
<td>Pamela Smith/ Aging &amp; Independence Services</td>
<td>Comment regarding need for Non-Emergency Medical Transportation (letter attached)</td>
<td>Need for Non-Emergency Transportation articulated in Chapter 5 and included in high priority strategies in Chapter 8 (response letter attached)</td>
<td>Chapters 5 and 8</td>
</tr>
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</table>
September 17, 2010

Tessa Wright/Clerk
San Diego Association of Governments/Transportation Committee
401 B Street (Suite 800)
San Diego, CA 92101

RE: TRANSPORTATION COMMITTEE AGENDA ITEM #7 /DRAFT 2010-2014 COORDINATED PLAN

Dear Members of the SANDAG Transportation Committee;

We are writing this letter to contribute our comments to Agenda Item 7 regarding the Draft 2010 Coordinated Plan with its rural component. A year and a half ago, a “rural transportation access” committee called the Ramona Transportation Action Committee (RTAC) was formed in response to public transportation deficiencies that impacted rural communities in 2008 when fixed route bus service and associated para-transit services were cut. Our most vulnerable populations – seniors, people with disabilities, and people of limited means – were left without transportation in Ramona.

Among other things, RTAC is the official “access to care” committee for our local Palomar/Pomerado Hospital District’s Community Action Council. RTAC is currently partnering with Cal State University San Marcos’ National Latino Research Center on a transportation research project in Ramona. This scientific study will be the first of its kind in San Diego’s back-country.

RTAC has studied the “rural transportation access” issue in San Diego’s back-country, and would like to make the following comments in regards to the update of the Coordinated Plan with its rural component:

1. Rural communities, such as Ramona, **LACK the capacity** to engage with the available transportation funding (JARC, New Freedom, Senior Mini-grant and 5310). The barriers we have observed include:
   - the lack of elected officials & representation at SANDAG
   - the lack of non-profits
   - the lack of transportation champions
   - the lack of matching grant monies
   - the lack of local transportation providers

2. To help compensate for these gaps, we feel **“Rural Coordinators”** or a **“Rural Coordinating Entity”** should be created in order to create sustainable, cost-effective transportation solutions using “rural models.”

3. **Funding** previously directed at NCTD and MTS could be re-directed to this new rural effort, along with several other relevant funding streams. Tribal communities may be interested in becoming partners in rural efforts as well.

In conclusion, we understand that full and complete service may not be possible in rural areas, but feel that a “systems level change” such as this, may be the only way to effectively facilitate sustainable, cost-effective transportation solutions in rural communities.

Thank you for your consideration,

Kristi Mansolf
KRISTI MANSOLF
Ramona Transportation Action Committee
October 14, 2010

Phil Trom, AICP
Associate Regional Planner
SANDAG
401 B Street, Suite 800
San Diego, CA 92101

Dear Mr. Trom:

The SANDAG Coordinated Plan 2010-2014, “One Region - One Network – One Plan” should consider the Strategic Implementation Plan recommendations embodied in the Mobility Action Plan (MAP), Phase I, report issued by Caltrans dated June 30, 2010. This document (revised 8-4-10) has content that relates to the mission of the Coordinated Plan. Its full text can be found posted at this Caltrans website address: http://www.dot.ca.gov/hq/MassTrans/Interagency-Coordination.htm.

Twelve project recommendations were developed by the MAP Project Action Committee (PAC). Caltrans partnered with The California Department of Aging (CDA) and, serving as the convening state departments, a variety of stakeholders were invited to the process of transportation service planning, system assessment, and service delivery in California. Aging & Independence Services (AIS), a division of the Health & Human Services Agency (HHSA) of the County of San Diego, participated in the MAP-PAC and through discussion and analysis contributed to the direction of the report.

Of particular interest are projects related to non-emergency medical transportation (NEMT) which will focus on public transit reimbursement and a brokerage pilot project respectively. One project calls for a 2-year pilot programs in at least three counties to evaluate broker managed provision of NEMT transportation services. The importance of this development would suggest that the San Diego region should prepare to respond to the potential reality of this pilot opportunity. These proposals hold the ultimate promise of rendering improved access to medical and health care sites for older people and low income persons.

Sincerely,

PAMELA B. SMITH, Director
Aging & Independence Services

C: Nick Macchione, MS, MPH, FACHE, Director; Health and Human Services Agency
October 15, 2010

Pamela B. Smith
Director, Aging and Independent Services
County of San Diego
P.O. Box 23217
San Diego, CA, 92193-3217

Dear Ms Smith:

SUBJECT: Your letter dated October 14, 2010

Thank you for your letter of October 14, 2010, concerning the inclusion of nonemergency medical transportation in the Coordinated Plan.

This important aspect of transportation for the disadvantaged is addressed in Section 5 of the current draft plan. The Coordinated Plan includes specific references to the need to provide nonemergency medical transportation, and such services for seniors or persons with disabilities are eligible for the SANDAG competitive grant process that is now open. Nonemergency medical transportation falls into the high-priority category for funding for seniors and persons with disabilities, and the County of San Diego is eligible to apply for the funds. Complete details on the grant programs and applications forms are available at www.sandag.org/coordinatedplan.

Thank you for your support and interest in the Coordinated Plan.

Sincerely,

[Signature]

PHIL TROM
Associate Regional Planner

DLE/PTR/gkr
2050 REGIONAL TRANSPORTATION PLAN: REVENUE CONSTRAINED TRANSPORTATION NETWORK SCENARIOS

Introduction

During the past few months, staff presented the draft 2050 Regional Transportation Plan (RTP) Unconstrained Highway and Transit Networks to the Board of Directors, the Regional Planning and Transportation Committees, various SANDAG working groups, and at other public meetings for input. At its July 23, 2010, meeting, the Board accepted the draft Unconstrained Transportation Network for use in the development of the draft 2050 RTP.

Based on revenue projections through 2050, various Revenue Constrained Transportation Network Scenarios have been developed using prioritized project lists and other factors. The Revenue Constrained Transportation Network Scenarios attempt to build and operate as much of the Unconstrained Transportation Network as possible, given revenue availability and flexibility, and project priorities. Maps of the Revenue Constrained Transit and Highway Network Scenarios were included in previous agenda packets. Staff is in the process of updating the maps into a geographic information system (GIS) format. Attachments 1 and 2 indicate which transit and highway projects are included in each Scenario. The Board of Directors is asked to discuss and provide feedback on the Revenue Constrained Transportation Network Scenarios. The Regional Planning and Transportation Committees discussed the Scenarios at their joint October 15, 2010, meeting, and staff will present comments received at the October 22, 2010, Board meeting.

Discussion

Alternative Revenue Constrained Network Scenarios

During the last month, staff prioritized the future projects in all modes included in the Unconstrained Transportation Network using the Board-approved transportation project evaluation criteria. Based on revenue projections to 2050, four initial Revenue Constrained Transportation Network Scenarios with a range of modal emphases, were developed using these prioritized project lists and other factors. Various levels of Transportation Demand Management/Transportation System Management programs and projects, Smart Growth Incentive Program funding, and Regional Bicycle Plan improvements are proposed in each of the Scenarios. Additionally, local street and road improvements are included in each Scenario.

Initial revenue estimates presented previously to the Board indicate that approximately $100 billion to $110 billion would be available through 2050, with $3 billion to $3.5 billion (or approximately three percent of the total projected revenues) available as flexible funding. Each Scenario allocates the flexible funding differently, as described further in this report.
Transit and Highway Projects Common to All Scenarios

Several transit and highway projects are common to all four Scenarios. Transit and highway projects contained in each Scenario are listed in Attachments 1 and 2. As specified in these attachments, the transit and highway networks include a number of “baseline” projects (most of them included in the TransNet Extension Ordinance) that are in various stages of advanced planning, design, or construction, but are not projected to be completed by the time the 2050 RTP is adopted. It is, therefore, necessary to assume the costs and construction of these “baseline” projects in the transit and highway networks of all four Scenarios. These baseline projects include:

- Mid-Coast Trolley extension
- Trolley system rehabilitation
- Interstate 15 (I-15) Bus Rapid Transit (BRT) from Escondido to Downtown San Diego
- I-15 BRT from Escondido to Sorrento Mesa/University City
- South Bay BRT from Otay Mesa to Downtown San Diego
- Mid-City Rapid Bus from San Diego State University to Downtown San Diego
- South Bay transit maintenance facilities and Downtown BRT stations/layovers
- I-15 Managed Lanes from State Route 163 (SR 163) to SR 56 and from Centre City Parkway to SR 78
- SR 76 from Melrose Drive to I-15
- SR 905 from I-805 to Mexico

Other proposed projects from the Unconstrained Transportation Network common to all four Scenarios include:

- High-Speed Rail (HSR) from Los Angeles to Lindbergh Field Intermodal Transportation Center (ITC)
- HSR Commuter Rail Overlay from Temecula to Lindbergh Field ITC
- Lindbergh Field Intermodal Transit Center
- COASTER double-tracking (TransNet), including several grade separations
- COASTER Del Mar Tunnel
- COASTER positive train control
- SPRINTER double-tracking (TransNet)
- Enhanced service frequencies on Blue, Orange, and Green Trolley lines, including several grade separations needed for the increased frequencies (TransNet)
- Several Rapid Bus routes in key high demand arterial corridors
- Shuttle/Circulator service in San Marcos (to be locally funded)
- Increased service frequencies on local bus routes within the Urban Area to 10-minute all-day
- Bike and pedestrian network improvements to support access to the regional transit system
• TransNet highway projects, including improvements to I-5, I-8, I-15, SR 52, SR 54, SR 56, SR 67, SR 78, SR 94, and SR 125
• TransNet highway project on I-805 is included in different configurations for each scenario

The following planned toll projects are revenue neutral and are included in all of the Scenarios:

• SR 11 toll road
• SR 241 toll road (as a Southern California Association of Governments/Orange County Transportation Authority project)

For the most recent RTPs, SANDAG has continued to refine the region’s vision for a flexible highway system that serves multiple purposes and accommodates different types of travel. The highway projects included in the initial Scenarios focus on implementing the highway projects as part of the Major Corridors component of TransNet. Therefore, there are minimal differences between the highway networks in the Scenarios, and instead this report focuses largely on the differences between the transit networks within each of the Scenarios.

**Transit Emphasis Scenario**

The Transit Emphasis scenario allocates the full $3 billion to $3.5 billion in flexible funding toward transit services.

Transit Approach

The transit network in this Scenario is built on the dual philosophy of (1) reinforcing and upgrading existing transit services and (2) maximizing the overall number of transit projects in this Scenario that include a variety of rail, BRT, Rapid Bus, and local bus improvements.

The rail projects included in this Scenario include the Downtown Trolley Tunnel in downtown San Diego to facilitate frequency enhancements for the Blue and Orange Trolley lines (7.5-minute all-day frequencies). Inclusion of the Downtown Trolley Tunnel also would enable implementation of express Trolley services on both the Blue and Orange Lines, which introduce “skip-stop” services to facilitate faster travel times for passengers making longer distance trips along these corridors. This Scenario also would convert the Mid-City Rapid Bus service over time to a light rail transit (LRT) service to better serve the strong demand for transit in the Mid-City area. Complementing this LRT route along the east-west corridor between downtown San Diego and San Diego State University (SDSU) would be a north-south LRT service that would connect SDSU and Chula Vista via Mid-City, the southeastern San Diego communities, and National City. For the SPRINTER service, an extension of the line to North County Fair is included.
In terms of BRT and Rapid Bus services, a key capital project included in this Scenario is the Kearny Mesa Guideway¹ in the SR 163 travel corridor to facilitate fast and direct access for a number of all-day BRT, peak period BRT, Rapid Bus, and local bus services to improve access to the residential and employment centers in downtown San Diego, Bankers Hill, Hillcrest, Mission Valley, Sharp/Children’s Hospital complex, and Kearny Mesa. Several other new BRT services would be implemented in the I-5, I-805, SR 52, and SR 78 freeway corridors that utilize the Managed Lanes/HOV system investments that facilitate high-speed travel to serve long-distance trip making demand in these areas. Also, 15 new Rapid Bus routes would be implemented along several key arterial corridors throughout the region.

Reintroducing streetcar and/or shuttle/circulator services to the region has generated strong interest at the Transportation Committee/Board level, and with our working groups and community members. The Transit Emphasis Scenario includes the two highest ranked streetcar projects – downtown San Diego, and Hillcrest/Balboa Park.

Highway Approach

The highway network for this Scenario focuses on improvements that support the transit network, such as HOV and Managed Lanes, including all TransNet projects.

Rail/Freight Emphasis Scenario

The Rail/Freight Scenario allocates one-half of the $3 billion to $3.5 billion in flexible funding toward rail-based transit projects, and the other half toward other projects that support goods movement.

Transit Approach

The transit network in this Scenario is built on maximizing the number of rail-based transit projects. In terms of light rail services, the Rail/Freight Emphasis Scenario (like the Transit Emphasis Scenario) includes the Downtown Trolley Tunnel to facilitate frequency enhancements for the existing Blue and Orange Trolley services, as well as express trolley services on both the Blue and Orange lines. In the Central and South County area, two new LRT lines would be implemented: Pacific Beach to El Cajon via Kearny Mesa, Mission Valley, and SDSU; and University Towne Centre (UTC) to Chula Vista via Kearny Mesa, Mission Valley, Mid-City, southeastern San Diego, and National City. In North County, this scenario includes an express SPRINTER service between Escondido and Oceanside, and the extension of the SPRINT line to North County Fair. This is the only Scenario that includes the UTC COASTER Station and UTC Tunnel, providing a more direct connection for North County commuters into the University City area.

Due to the high capital costs of new rail projects and the UTC COASTER and Tunnel, additional new rail lines outlined in the Unconstrained Transit Network (SDSU to San Ysidro, UTC to Mira Mesa, Otay Mesa to Chula Vista, and the transition of the Mid-City Rapid to LRT) could not be included in the Rail/Freight Scenario.

¹ The Kearny Mesa Guideway would provide a dedicated transitway for BRT, Rapid Bus, and local bus services for a north-south travel corridor between downtown San Diego and Kearny Mesa in order to improve directness of travel and travel speeds, especially in the Hillcrest and Mission Valley areas.
The emphasis on rail services in this Scenario means that most BRT and Rapid Bus services in the Unconstrained Transportation Network are not included. The Kearny Mesa Guideway also is not included, resulting in longer travel times for the BRT and Rapid Bus that serve this corridor.

Highway Approach

The highway network in this Scenario includes additional improvements beyond those included in TransNet to support goods movement in key corridors, such as additional capacity to SR 67, SR 94, and SR 905.

**Highway Emphasis Scenario**

The Highway Emphasis Scenario allocates the full $3 billion to $3.5 billion in flexible funding toward the highway network.

Transit Approach

The transit network in this Scenario builds upon the Managed Lanes and HOV investment in the highway network, and as a result, includes all BRT, peak BRT, and Rapid Bus routes proposed in the Unconstrained Transportation Network. This scenario includes the Kearny Mesa Guideway to facilitate the BRT and Rapid Bus routes, but it does not include the Downtown Trolley Tunnel, and therefore it does not include any of the Trolley Express routes or the SPRINTER Express services.

With the exception of the Kearny Mesa Guideway in the SR 163 travel corridor between downtown San Diego and Kearny Mesa, BRT services are relatively inexpensive to implement since they utilize already planned Managed Lanes/HOV facilities. There is no Managed Lanes/HOV facility proposed for the SR 163 corridor, thus resulting in the need for a separate transit guideway. As a result, the capital costs of the BRT routes are limited primarily to station improvements, vehicle acquisition, and associated maintenance facilities. These relatively low capital costs allow a higher number of transit projects to be included in this Scenario than otherwise might be expected, including all Rapid Bus projects and two light rail projects (SDSU to San Ysidro and UTC to Mira Mesa).

Highway Approach

The Highway Emphasis highway network is the most aggressive in adding highway capacity. Of all of the Scenarios, it builds the most of the Unconstrained Highway Network, including all TransNet projects. Improvements include additional lanes on I-5, I-8, SR 52, SR 54, SR 56, SR 67, SR 76, SR 94, SR 125, SR 163, I-805, and SR 905.

**Fusion Scenario**

The Fusion Scenario allocates one-third of the $3 billion to $3.5 billion in flexible funding toward transit services, one-third toward highways, and one-third toward rail grade separations in support of the local streets and roads. This Scenario attempts to reflect the results from a statistically reliable survey that was conducted earlier this year as part of the 2050 RTP planning process, which indicated that the voting public is interested in enhancing existing transit services, pursuing new transit services, addressing bottlenecks on freeways, and addressing local road issues.
Transit Approach

The transit network in this Scenario focuses a blend of enhancements to the existing transit system and new transit services. Unlike the implication of the title, the transit network in the Fusion Scenario is not necessarily a “merging” of all of the projects in the other three Scenarios. Rather, this Scenario attempts to reflect a combination of existing and new transit projects that could resonate particularly well with the public.

In addition to the baseline projects and the transit projects common to all four Revenue Constrained Network Scenarios discussed above, the new transit projects that would be implemented in this Scenario include the Kearny Mesa Guideway to facilitate new BRT and Rapid Bus services in the SR 163 travel corridor, and new LRT projects aimed at providing trolley service to a wider geographic service area, including LRT lines in the following corridors: Pacific Beach to El Cajon via Kearny Mesa and Mission Valley; UTC to Mira Mesa via Sorrento Mesa; and UTC to Chula Vista via Kearny Mesa, Mission Valley, Mid-City, southeastern San Diego, and National City; and extension of the SPRINTER line to North County Fair. It also includes SPRINTER Express service, with stops at the Oceanside, Vista, and Escondido Transit Stations. This approach differs from the Transit Emphasis Scenario in that it focuses more attention on new LRT lines versus improvements to existing LRT lines. As such, it does not include the Downtown Trolley Tunnel included in the Transit Emphasis Scenario that would enable express trains on the Blue and Orange Trolley Lines. It also focuses less attention on Rapid Bus services (the Fusion Scenario includes six Rapid Bus services versus 15 included in the Transit Emphasis Scenario).

Finally, this Scenario includes implementation of the highest number of streetcar and/or shuttle/circulator services since this mode resonated highly with many stakeholders that provided input on the Unconstrained Transportation Network. It should be noted that the carrying capacity of this mode is relatively low compared with other services, and their costs are relatively high given the number of passengers served. The primary value of streetcars and shuttle/circulator services is their role as localized “people-movers” within downtown-like settings that provide for internal circulation and provide connections to regional transit services. These services have generally been implemented in conjunction with redevelopment and/or economic development efforts, utilizing a high level of nontransit funding from other agencies and the private sector support. Consistent with this experience in other cities, 75 percent of funding for streetcar/shuttle projects in the Revenue Constrained Network Scenarios is assumed to come from nontransit funding sources, sources that would have to be identified for these projects to move forward.

Highway Approach

The Fusion highway network provides a number of HOV and Managed Lanes improvements in addition to key operational improvements to relieve bottlenecks and congestion and includes all TransNet projects.

Scenario Performance

SANDAG is evaluating the various Revenue Constrained Network Scenarios based upon Board-approved plan performance measures. Preliminary results for the performance measures that have been evaluated to date, comparing the four initial Scenarios to the 2050 No Build alternative and 2008 existing conditions are included in Attachment 3.
The modeled data for the annual projected number of vehicle injury/fatal collisions per capita, under the System Preservation and Safety goal, does not take into account implementation of Intelligent Transportation System (ITS) initiatives proposed in the Revenue Constrained Network Scenarios. According to the U.S. Department of Transportation, IntelliDrive has the potential to address more than 80 percent of the vehicle crash scenarios involving unimpaired drivers. IntelliDrive is an advanced technologies program that focuses on improving roadway performance and safety.

Social Equity

The Social Equity performance measures require some elaboration as the data must be evaluated in several ways. As part of the Revenue Constrained Transportation Network Scenario performance evaluation, using Board-approved performance measures, preliminary social equity analyses were conducted for three indicators: average travel time; percent of work trips accessible in 30 minutes in peak periods by drive alone, carpool, and transit; and percent of homes within a half-mile of a transit stop. Attachment 3 shows preliminary draft results for these three indicators (performance measures 32, 33, and 34 for low-income and minority [LIM] populations and non-LIM populations). This evaluation will be expanded to additional social equity performance indicators as modeling data becomes available.

Preliminary analyses of the Scenarios have been conducted to determine whether any of the Scenarios would conflict with requirements in Title VI of the Civil Rights Act or other applicable social equity laws, which require that the benefits and burdens of the Scenarios be equitably distributed between the LIM and non-LIM populations. A threshold question is whether each of the Scenarios will improve conditions for LIM populations, relative to the 2050 No Build alternative or 2008 existing conditions.

The initial modeling results for the three performance indicators referenced above show that all of the Scenarios will maintain or improve conditions for LIM populations compared to the 2050 No Build alternative. LIM populations would fare better in the three mobility and accessibility indicators with the investments proposed in every Scenario. Moreover, none of the Scenarios has a significantly different impact on LIM populations when they are compared to each other.

The next question analyzed was whether LIM populations would receive a similar or greater benefit compared to non-LIMs under each of the Scenarios relative to the No Build alternative. The preliminary modeling results show no difference in average travel times between LIM and non-LIM populations for each of the Scenarios in 2050. LIM populations would receive slightly greater accessibility gains for drive alone, carpool, and transit peak period work trips (within 30 minutes) compared to non-LIM populations. However, the percent of homes within a half-mile of a transit stop shows slightly higher accessibility gains for non-LIM populations.

In addition, the draft results of the three social equity performance measures outlined above for each of the Scenarios were compared to 2008 existing conditions to find out how mobility and accessibility indicators would change over time (2050) for LIM populations compared to non-LIM populations. The draft modeling results suggest similar levels of mobility (travel time) for both LIM and non-LIM populations. The percent of drive alone, carpool, and transit peak period work trips accessible within 30 minutes would slightly decline for both LIM and non-LIM populations in a similar fashion. The percent of homes within a half-mile of a transit stop shows slightly higher accessibility gains for non-LIM populations and slightly lower accessibility conditions for LIM populations.
Transit Mode Share

In addition, earlier this year, the Board accepted peak period, home-to-work transit mode share goals for 14 subregional areas within the overall Urban Area as defined in the Urban Area Transit Strategy. The establishment of goals related to this performance measure requires a more detailed analysis to understand the results of the preliminary analysis. Mode share refers to the proportion of people using a particular mode, such as driving solo, using transit, carpooling, biking, or walking, for a particular trip. For example, if there is a five percent transit mode share in a particular area, that means that five percent of the trips in that area were made on transit. The map in Attachment 4 shows the mode share goal ranges by subregion in the Urban Area. Attachment 5 contains a table showing the projected peak period transit mode shares for the Urban Area and by subregion for each Scenario in comparison to existing transit mode shares (2008) and the 2050 goal ranges. Attachment 6 displays the results of the analysis from a geographic standpoint.

From a regional perspective, the four Scenarios are all projected to meet the overall Urban Area transit mode share goal range of 10 percent to 15 percent, with projected peak period transit mode shares of 10 percent in the first three Scenarios and 11 percent in the Fusion Scenario. This represents a doubling from the 2008 existing transit mode shares in the Urban Area, or an increase from about 58,000 daily peak period transit trips to approximately 114,000 daily peak period transit trips in the Fusion Scenario.

From a subregional perspective, all four Scenarios are projected to meet the subregional mode share goal ranges in six subareas: University City, Otay Mesa/Otay Ranch, North I-15 Corridor, Central Coastal Area, Coastal South Bay, and East County/Santee. The goals are not met by any of the Scenarios in four subareas: downtown San Diego, the Central Core area, the Oceanside/Escondido Corridor area, and the North Central Coastal area. The goals are not met in one or more of the Scenarios for the remaining subareas.

In short, the Transit Emphasis Scenario and the Fusion Scenario meet the mode share goals in the highest number of subregional areas (8 and 9 areas, respectively), while the Rail/Freight Emphasis Scenario and the Highway Emphasis Scenario meet the mode share goals in fewer areas (7 areas each). The Transit Emphasis Scenario achieves the highest projected transit mode shares in downtown San Diego and the Central Core, although, as noted above, the projections come short of meeting the established goal ranges in these areas. The Fusion Scenario has the same or higher transit mode shares in University City, Sorrento Mesa, Kearny Mesa, the Central Coastal Area, and East County/El Cajon, and has the second highest mode shares in Downtown and the Central Core Area, following the Transit Emphasis Scenario. As mentioned above, the Fusion Scenario has the highest projected mode share for the overall Urban Area (11%).

Agenda Item #12 proposes a menu of policy options that could be considered for inclusion in the 2050 RTP to enhance transit ridership and mode share in the overall Urban Area and subareas, and help further decrease vehicle miles traveled and greenhouse gas emissions.

Initial Recommendations for Refinements to the Revenue Constrained Transportation Network Scenarios

Based on feedback from the working groups, the Regional Planning and Transportation Committees, and the Board, proposed refinements to the initial Scenarios are outlined below.
Staff plans to further evaluate potential transit modifications of specific high capital cost projects (e.g., Downtown Trolley Tunnel, the Kearny Mesa Guideway, the UTC rail tunnel, and the new LRT projects). Because of funding limitations, not all of these projects could be implemented in each Scenario. Potential phasing strategies and/or project modifications will continue to be assessed. In addition, preliminary analysis of the Rapid Bus system proposed in the Unconstrained Transportation Network appears to be highly cost-effective based on the ridership generated compared to capital costs. Over the next month, further analysis of phasing strategies and/or potential project modifications will be conducted to maximize the number of effective transit projects that can be funded throughout the urban area.

Highway modifications that staff plans to continue working on include adding the I-15 toll lanes between SR 78 and Riverside County, adding the I-5 toll lanes between Oceanside and Orange County, and including more operational highway improvements. The I-15 and I-5 toll lanes are both revenue-neutral and would only be pursued if demand supports their construction. Additionally, staff will continue to evaluate modifications to specific highway corridors based on comments received. As the Scenarios are fully developed, staff will continue to coordinate highway and transit corridor improvements as phasing is more refined.

**Next Steps**

Based on feedback from working groups, the Regional Planning and Transportation Committees, and the Board, staff will refine the Scenarios and continue to evaluate their performance. The Board will be asked to select a preferred Revenue Constrained Transportation Network Scenario in November after analysis of the performance measures is complete. Once a preferred Revenue Constrained Network Scenario is selected, continued network refinements and performance evaluations will be made throughout the Draft 2050 RTP review period in 2011 to ensure the most effective and efficient transportation network is developed for final approval.

GARY L. GALLEGOS  
Executive Director

**Attachments**
1. Draft 2050 RTP Revenue Constrained Network Scenarios - Transit Project List - October 15, 2010
3. 2050 RTP Performance Measures: Preliminary Results
4. Map of 2050 Transit Mode Share Goal Ranges by Subregion
5. Draft 2050 RTP - 2050 Transit Mode Share Results for Revenue Constrained Network Scenarios (table)
6. 2050 Transit Mode Share Results for Revenue Constrained Network Scenarios (map)

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Funds are budgeted in Work Element #3100500
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<td>Trolley - UTC to Miramar via Sorrento Mesa (Rte 561)</td>
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<td>26</td>
<td>Trolley - Otay Mesa East Border Crossing to western Chula Vista via Otay Ranch/Millenia (Rte 564)</td>
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<td>27</td>
<td>Guideway- Kearny Mesa Guideway (facilitates direct access for BRT, Rapid Bus, and local bus - Rtes 120, 610, 640, 652))</td>
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<td>28</td>
<td>TNET</td>
<td>BRT - Otay Mesa to Sorrento Mesa via I-805, Kearny Mesa (TransNet Rt 680)</td>
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<td>29</td>
<td>BRT - I-5 - San Ysidro to Kearny Mesa via I-5 shoulder lanes/HOV lanes, Downtown, Kearny Mesa Guideway (Rt 640)</td>
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<td>30</td>
<td>BRT - Downtown to UTC via Kearny Mesa Guideway/I-805 (Rte 652)</td>
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<td>31</td>
<td>BRT - El Cajon to UTC/Campus Pt via Santee, SR 52, I-805 (Rte 870) (Peak only)</td>
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<td>BRT - Oceanside to Escondido via SR 78 HOV Lanes (Rte 430)</td>
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<td>BRT - Chula Vista to Palomar Airport Road Bus. Park via I-805/5 (Rte 650) (Peak Only)</td>
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<td>BRT - El Cajon to Sorrento Mesa via SR 52, Kearny Mesa (Rte 890)</td>
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<td>BRT - El Cajon to Otay Mesa via Spring Valley, SR 125, Millenia (Rte 692)</td>
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<td>BRT - Mid City to Palomar Airport Road via Kearny Mesa via I-805/5 (Rte 653) (Peak Only)</td>
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<td>BRT - Oceanside to UTC via I-5, Carlsbad, Encinitas (Rte 940) (Peak Only)</td>
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<td>BRT - Santa Fe Station to CSUSM via Upland (Rte 580)</td>
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<td>BRT - Millenia/Otay Ranch to Sorrento Mesa Express (Rte 688)</td>
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<td>BRT - Millenia/Otay Ranch to UTC/Torrey Pines Express (Rte 689)</td>
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<td>TNET Rapid - Mid-City Rapid - Phase 2 Balboa Park (Rte 15)</td>
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<td>Rapid - Oceanside to UTC via Hwy 101 Coastal Communities, Carmel Valley (Rte 473)</td>
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<td>43</td>
<td>Rapid - Old Town to Sorrento Mesa via Pacific Beach, La Jolla, UTC (Rte 30)</td>
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<td>44</td>
<td>Rapid - Carlsbad to San Marcos via Palomar Airport Road Corridor (Rte 440)</td>
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<td>45</td>
<td>Rapid - La Mesa to Ocean Beach via Mid-City, Hillcrest, Old Town (Rte 10)</td>
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<td>Rapid - Coronado to Downtown via Coronado Bridge (Rte 910)</td>
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<td>Rapid - Point Loma to Kearny Mesa via Old Town, Linda Vista (Rte 28)</td>
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<td>48</td>
<td>Rapid - Spring Valley to SDSU via SE San Diego, Downtown, Hillcrest, Mid-City (Rte 11)</td>
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<td>Rapid - Fashion Valley to UTC/UCSD via Linda Vista and Clairemont (Rte 41)</td>
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<td>Rapid - SDSU to Spring Valley via East San Diego, Lemon Grove, Skyline (Rte 636)</td>
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<td>Rapid - North Park to 32nd Street Trolley via Golden Hill (Rte 637)</td>
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<td>Rapid - Eastlake/EUC to Palomar Trolley via Main Street Corridor (Rte 635)</td>
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<td>Rapid - North Park to Downtown San Diego via 30th St (Rte 2)</td>
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<td>Rapid - Oceanside to Vista via Mission Ave/Santa Fe Road Corridor (Rte 474)</td>
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<td>Streetcar - Hillcrest/Balboa Park/Downtown San Diego Loop (Rte 554)</td>
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### Freeway Connectors

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### HOV Connectors

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Note: Project labeled as a, b, c or d indicate different levels of investments. TransNet projects are included in all scenarios with the exception of the I-805 corridor where different improvements are being tested in some scenarios.
|-----------------------------------------------------------------------------------------------|-----------------|-----------------|-------------------------|-----------------------------|------------------------|-----------------------|

**SYSTEM PRESERVATION AND SAFETY**

1. Annual projected number of vehicle injury/fatal collisions per 1,000 persons: 7.08, 7.21, 7.11, 7.09, 7.13, 7.11
2. Annual projected number of bicycle/pedestrian injury/fatal collisions per 1,000 persons: 0.66, 0.57, 0.56, 0.56, 0.56, 0.56

**MOBILITY**

5. Average work trip travel time (in minutes): 25, 27, 27, 27, 27, 27

6. Average work trip travel speed by mode (in m.p.h.):
   - Drive alone: 32, 27, 28, 28, 28, 28
   - Carpool: 33, 28, 35, 34, 36, 35
   - Transit: 10, 10, 13, 13, 13, 13

7. Percent of work and higher education trips accessible in 30 minutes in peak periods by mode:
   - Drive alone: 74%, 68%, 68%, 68%, 68%, 68%
   - Carpool: 75%, 70%, 75%, 74%, 77%, 74%
   - Transit: 7%, 8%, 14%, 13%, 14%, 14%

8. Percent of non work-related trips accessible in 15 minutes by mode:
   - Drive alone: 72%, 67%, 67%, 67%, 67%, 67%
   - Carpool: 72%, 68%, 68%, 68%, 68%, 68%
   - Transit: 4%, 4%, 8%, 8%, 8%, 8%

9. Out-of-pocket user costs per trip:
   - 1.85, 1.87, 1.86, 1.86, 1.88, 1.86

10. Number of interregional transit routes weighted by service type: 9, 16, 41, 30, 46, 35

11. Network enhancements by freight mode:
   - Freight capacity acreage: 469, 469, 579, 579, 579, 579
   - Freight capacity mileage (lane miles): 3,200, 3,400, 3,600, 3,600, 3,900, 3,600

**PROSPEROUS ECONOMY**

12. Net benefits

13. Return on investment

14. Economic impacts

**RELIABILITY**

15. Congested vehicle miles of travel (VMT):
   - Percent of total auto travel in congested conditions (peak periods): 14%, 28%, 16%, 17%, 12%, 16%
   - Percent of total auto travel in congested conditions (all day): 6%, 18%, 10%, 11%, 8%, 10%
   - Percent of total transit travel in congested conditions (peak periods): 5%, 11%, 5%, 5%, 5%, 5%
   - Percent of total transit travel in congested conditions (all day): 5%, 10%, 5%, 4%, 5%, 5%

16. Daily vehicle delay per capita (minutes): 3, 8, 5, 5, 4, 5

17. Daily truck hours of delay: 5,300, 32,300, 15,800, 16,500, 10,800, 16,200

**HEALTHY ENVIRONMENT**

18. Percent of VMT by travel speed by mode:
   - Drive alone:
     - Percent of VMT traveling from 0 to 35 mph:
       - From 0 to 35 mph: 80.8%, 82.4%, 77.4%, 77.3%, 77.8%, 77.2%
     - Percent of VMT traveling from 35 to 55 mph:
       - From 35 to 55 mph: 10.8%, 10.3%, 11.5%, 11.6%, 11.5%, 11.6%
     - Percent of VMT traveling greater than 55 mph:
       - Greater than 55 mph: 6.1%, 5.1%, 9.0%, 9.1%, 8.8%, 9.2%
   - Carpool:
     - Percent of VMT traveling from 0 to 35 mph:
       - From 0 to 35 mph: 2.3%, 2.2%, 2.0%, 2.0%, 2.0%, 2.0%
   - Transit:
     - Percent of VMT traveling from 0 to 35 mph:
       - From 0 to 35 mph: 80.8%, 82.4%, 77.4%, 77.3%, 77.8%, 77.2%
     - Percent of VMT traveling from 35 to 55 mph:
       - From 35 to 55 mph: 10.8%, 10.3%, 11.5%, 11.6%, 11.5%, 11.6%
     - Percent of VMT traveling greater than 55 mph:
       - Greater than 55 mph: 6.1%, 5.1%, 9.0%, 9.1%, 8.8%, 9.2%

*Notes:*

No emission factors are available for 2050.

22 and 31: Includes all vehicle types.

26 - 30: Data will be adjusted per off model components (bike/pedestrian facilities, TDM, etc.)
## Healthy Environment

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### Percent of homes within 1/2 mile of a transit stop

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<th>Percent of homes within 1/2 mile of a transit stop</th>
<th>Low-income population</th>
<th>Non low-income population</th>
<th>Minority population</th>
<th>Non minority population</th>
<th>Mobility population</th>
<th>Non mobility population</th>
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<th>Non community engagement population</th>
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*Notes:*

- 22 and 31: Includes all vehicle types.
- 26 - 30: Data will be adjusted per off model components (bike/pedestrian facilities, TDM, etc.)
- 32 - 39: Mobility (zero-car households, disabled, and 75+) and Community engagement (linguistic isolation and low educational attainment)
### Goals and Performance Measures

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<td><strong>35</strong> Percent of population within 30 minutes of schools</td>
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<td><strong>36</strong> Percent of population within 30 minutes of the San Diego International Airport</td>
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<td><strong>37</strong> Percent of population within 15 minutes of healthcare</td>
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<td><strong>38</strong> Percent of population within 15 minutes of parks and beaches</td>
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<td><strong>39</strong> Distribution of RTP expenditures per capita</td>
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*Notes:*

32 - 39: Mobility (zero-car households, disabled, and 75+) and Community engagement (linguistic isolation and low educational attainment)
### 2050 Transit Mode Share Results for Revenue Constrained Network Scenarios

#### Peak Period, Home-to-Work Transit Mode Share

<table>
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<th>Identified Corridors/Areas</th>
<th>Baseline 2008 Existing Transit</th>
<th>2050 Peak-Period Transit Mode Share Goal Ranges</th>
<th>2050 No Build Transit Network</th>
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<th>Rail &amp; Freight Emphasis</th>
<th>Highway Emphasis</th>
<th>Fusion</th>
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<td>13%</td>
<td>14%</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>Coastal South Bay</td>
<td>8%</td>
<td>10%-15%</td>
<td>9%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
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<tr>
<td>East County/El Cajon</td>
<td>4%</td>
<td>10%-15%</td>
<td>6%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
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<td>3%</td>
<td>5%-10%</td>
<td>4%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
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<tr>
<td><strong>Urban Area Transit Strategy Study Area</strong></td>
<td>5%</td>
<td>10%-15%</td>
<td>6%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>11%</td>
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</tbody>
</table>

1 Values represent peak period home-to-work trip transit mode share for destination districts; shaded areas indicate where 2050 goal ranges are met.
2050 Transit Mode Share Results for Revenue Constrained Network Scenarios

Values represent peak period home-to-work transit mode share for destination districts.

October 15, 2010

Attachment 6
2050 REGIONAL TRANSPORTATION PLAN: DRAFT POLICY OPTIONS TO SUPPORT THE TRANSIT NETWORK

File Number 3100500

Report continued to November 5, 2010
Sustainable San Diego

Platform for SANDAG BOARD

October 22, 2010

Background:

Member groups affiliated with Sustainable San Diego have reviewed SANDAG’s proposed Revenue Constrained Transportation Network Scenarios under consideration as part of the Regional Transportation Plan. We understand the time constraints in developing a preferred RTP alternative, and with that in mind offer these recommendations.

1. We support many elements of the Transit Emphasis Alternative and recommend that the final draft alternative contain more of these projects.

The Transit Emphasis Alternative’s focus on Bus Rapid Transit, with some focused rail investment, makes cost-effective use of transit funding and leverages the RTP’s significant investment in managed lanes. It contains important projects not contained in the Fusion alternative and offers the most transportation choices. It is particularly important that investment be prioritized for providing effective transit alternatives in low-income communities.

In addition, it is imperative to identify where funding will come from to operate the transit system during the RTP period.

2. We support a dramatic increase in funding for bicycle and pedestrian projects and programs.

Discretionary funding is critical to support and complement SANDAG’s smart growth strategies and to support access to nearby destinations. Funding could be directed to local infrastructure, as well as focused, popular and needed programs such as Safe Routes to Schools and Safe Routes to Transit and Complete Streets Retrofit Programs.

3. Project evaluation rankings should be used to prioritize TransNet and other projects for the 2020 and 2035 time frames.

Those that best support the region’s smart growth strategy and achieve important regional goals including air quality, climate change, public health and transit access should be prioritized in the 2020 and 2035 time frames.
October 21, 2010

SANDAG Board of Directors
401 B St Suite 800
San Diego CA 92101

Dear SANDAG Board Members,

Please spend 3% of the transportation dollars in San Diego County on active transportation modes – walking and bicycling.

Today you are being briefed on four transportation scenarios for the region – each of which provide a different idea for investing $3 to $3.5 billion in transit, highway, or rail and freight.

We are asking you today to include a fifth scenario – one that spends that $3 to $3.5 billion on bicycling and walking.

We realize this seems like a lot of money. It’s 3% of the total transportation budget for the region. That’s a significant investment. But it is below or in line with what other regions are spending on bicycle and pedestrian infrastructure. When we compare the San Diego region’s investment in bicycling to those in Portland, Minneapolis, Seattle, and Tucson, for example, San Diego plans to spend far less per capita on bicycle infrastructure (see Attachment 1).

What would the region spend all that money on? We could use it to provide safe routes to school. We could use it to implement the draft policies in the Urban Area Transit Strategy to provide safe routes to transit. We can use it to improve infrastructure in our Smart Growth areas to remove barriers to walking and bicycling. We can use it to create better places to walk and bicycle in our underserved communities where so many people are unable to afford a car. All of our communities have a pressing need to improve local streets to be safer, have slower traffic, and be more welcoming for people who choose to walk and bike. This is our opportunity to do that.

What do we get in return? We get lowered greenhouse gas production. We get healthier residents. We get better, more livable communities. We get better access and use of transit. We get more bang for the buck than any other transportation option.

Bicycle and pedestrian mode share is reduced in the future for each of the four scenarios currently presented to you. We need an increase, not a decrease in trips by walking and bicycling. We can’t meet our targets for greenhouse gases, for battling obesity and sedentary lifestyles, for inducing growth in smart growth areas, and for creating livable communities without investing more in bicycling and walking.

Have all the information you need in your hands before you make a decision about the RTP Preferred Revenue Constrained Transportation Network. Please support our request to put together a fifth scenario – one that invests 3% in walking and bicycling for the San Diego region. Thank you.

Sincerely,

Kathy Keehan

Kathy Keehan
Executive Director
Attachment 1:  
A Comparison of Bicycle Transportation Funding in Bicycle Friendly Communities

<table>
<thead>
<tr>
<th>City/Region</th>
<th>Population</th>
<th>Current Bike Mode Share for Work Trips</th>
<th>Proposed funding</th>
<th>2050 RTP equivalent bicycle program funding*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portland, OR</td>
<td>537,081</td>
<td>6.4%</td>
<td>$613 million</td>
<td>$6.8 Billion</td>
</tr>
<tr>
<td>Minneapolis, MN</td>
<td>372,833</td>
<td>2.42%</td>
<td>$560 million</td>
<td>$5.4 Billion</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>582,454</td>
<td>2.31%</td>
<td>$240 million</td>
<td>$4.8 Billion</td>
</tr>
<tr>
<td>Tucson, AZ</td>
<td>518,956</td>
<td>2.2%</td>
<td>$60 million (out of $2.1 billion RTP 2025, or 2.8%)</td>
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</tr>
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</table>

*2050 RTP equivalent bicycle program funding calculated via extrapolation of per capita or RTP percentage funding extended through 2050 plan timeline.

Note these investments are solely in bicycle-related infrastructure, and do not include investments in pedestrian infrastructure, traffic calming, or smart growth incentive programs.
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Kathy Keenan
Executive Director
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CenterLine SR-15 Bus Rapid Transit: A Priority for San Diego

Completed BRT System in Ottawa, Canada:

Next stop: San Diego!

San Diego’s BRT System is partially complete and only partially funded. Federal transportation funding can help complete this much needed service. (The above image is a depiction of the proposed design for the University Avenue Station).

Running from Downtown to North County with essential stops in between (including Mid City), the SR-15 BRT would connect residents to jobs, stores, schools, and more with modernized rapidity. It’s about time!

FOR MORE INFORMATION,
Contact the City Heights Community Development Corporation, (619)584-1535
FACT SHEET: SR 15 FREEWAY MITIGATIONS and UPGRADES

The SR 15 Freeway corridor through Mid City represents a “CenterLine” through the Mid City communities of Normal Heights, Kensington and City Heights. The construction of the SR 15 freeway was conditioned through agreements in 1980s and 1990s on significant upgrades and mitigation measures to provide community economic development and environmental enhancements and protections. The Freeway is not “complete” until required mitigations and upgrades are completed; the following items have not been completed:

RAPID TRANSIT
“The STATE ... also assures the CITY that, should MTDB adopt a future Light Rail Transit (LRT) or express bus system along SR-15, it shall be accommodated in the median...STATE will construct the (overcrossing structures) to provide for future need of elevators and/or escalators and/or stairs for light rail or bus transit access....” (August 9, 1993 Memorandum of Understanding)

If the STATE identifies a problem accommodating rapid transit in the median, a comparable or better rapid transit system must be provided. The future use of the center median right of way should not be decided until a rapid transit system with stations at the Mid-City plaza over crossings is completed and operating in the SR 15 CenterLine corridor.

TRUCK TRAFFIC
“The STATE will, to the extent feasible, sign and direct truck traffic to the I-805 facility as an alternative to SR 15 through Mid-City” (Item #9, May 21, 1985 Memorandum of Agreement)

SANDAG has removed the “Goods Movement Plan” designation from this section of the I-15 freeway in the 2030 Regional Transportation Plan update but this issue still requires proactive measures to divert trucks from SR-15; especially because it is still unclear if the 2050 Regional Transportation Plan will continue to omit this section of the I-15 from the “Goods Movement Plan.”

AIR QUALITY and CONTROL OF NOISE
- “The STATE will conform to the requirements of Section 216 of the Streets and Highways Code relative to control of freeway noise as it would apply to schools in the area. ...Qualified consultants or state employees ... shall provide recommendations... in order to satisfactorily resolve the following concerns related to the completed Freeway project... A) Control of noise within the buildings and on the school playground from the Freeway... B) Air quality within and around the school.” (Item #7, May 21, 1985 MOA)
- “STATE agrees to accept control of and maintain those portions of park deck found not safe for park purposes by an independent air quality study to be funded by the STATE, said study to be done within six months of time all freeway lanes are open to traffic.” (Item #27, August 9, 1993 MOU)

In the winter of 2008 an air quality study was finished by the Air Pollution Control District. This study found that the air quality next to SR-15 was acceptable. We would like to see continued air quality monitoring in the future.

BIKES AND WALKING (“non motorized access”)
“The City and Caltrans will use their best efforts to provide for non-motorized access from Adams Avenue to Camino del Rio South within the Route 15 corridor... City to investigate the feasibility with SANDAG of providing a bikeway from Park de la Cruz to Adams Avenue.” (Item #17, August 9, 1993 MOU)

A route from Park de la Cruz south to Mission Valley has yet to be completed.

To achieve the completion of these enhancements and protections a “Covenant” with performance standards has been created by residents and organizations working to enhance mobility in Mid-City.

FOR MORE INFORMATION,
Contact the City Heights Community Development Corporation, (619) 584-1535
ACTIONS FROM POLICY ADVISORY COMMITTEES

The following actions were taken by the Policy Advisory Committees since the last Board of Directors meeting.

BORDERS COMMITTEE MEETING (September 24, 2010)

The Borders Committee took the following actions or recommended the following approvals:

- Recommended that the Board of Directors accept the recommendations resulting from the 2010 Binational Seminar.

TRANSPORTATION COMMITTEE MEETING (October 1, 2010)

The Transportation Committee took the following actions or recommended the following approvals:

- Authorized the Executive Director to execute a Memorandum of Agreement (MOA) with the U.S. Army Corps of Engineers to expedite the delivery of TransNet projects, in substantially the same form as attached to the agenda report.

- Approved the process and criteria for recommending transportation projects to the Board of Directors for the FY 2012 federal appropriations cycle.

- Recommended that the Board of Directors: (1) authorize the Executive Director to approve an amendment to the agreement with the San Diego Unified Port District, in substantially the same form attached to the agenda report, to accept $2 million in additional funding; and (2) approve an amendment to the FY 2011 Budget to increase the Port Access Improvement project budgets (CIP 1300701/4) from $7.13 million to $9.13 million.

EXECUTIVE COMMITTEE MEETING (October 8, 2010)

The Executive Committee took the following actions or recommended the following approvals:

- Took a support position on Proposition 22, the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010.

- Approved the agenda for the October 22, 2010, Board of Directors meeting, as amended.

JOINT TRANSPORTATION COMMITTEE/REGIONAL PLANNING COMMITTEE MEETING (October 15, 2010)

No actions were scheduled for the joint meeting.
TRANSPORTATION COMMITTEE MEETING (October 15, 2010)

The Transportation Committee is scheduled to take the following actions or recommended the following approvals:

• Recommended that the Board of Directors, acting as the San Diego County Regional Transportation Commission, adopt Resolution No. RTC 2011-01, authorizing the issuance of not to exceed $350 million of fixed-rate bonds and the execution and distribution of the documents that are attached to the agenda report in substantially final form.

• Held a public hearing to solicit public comments on shortening the conformity timeline and proposed methodology for the regional emissions analysis for the 2050 Regional Transportation Plan (RTP); and after considering public comments, recommended that the Board of Directors shorten the conformity timeframe and approve the proposed methodology for conducting the 2050 RTP air quality conformity determination.

• Conducted a public hearing on the 2010-2014 Coordinated Plan; and after considering public comments, recommended that the Board of Directors approve the Final 2010-2014 Coordinated Plan, in substantially the same form as attached to the agenda report.

PUBLIC SAFETY COMMITTEE MEETING (October 15, 2010)

The Public Safety Committee is scheduled to take the following actions or recommended the following approvals:

• Approved the addition of $486,000 to the FY 2011 Program Budget and Overall Work Program (OWP) from FY 2010 carryover funds, for the development of a real-time interface between the Automated Regional Justice Information System (ARJIS) and the San Diego County Sheriff’s Department Records Management System (NetRMS).

• Approved an amendment to the FY 2011 Budget and OWP to accept $299,136 in funding over two years for OWP Project No. 23457 to complete objectives associated with a research grant by the National Institute of Justice to conduct a two-year evaluation of two law enforcement efforts (Chula Vista Police Department and the San Diego County Sheriff’s Department) funded to target crime along the southern border of the United States.

• Recommended that the Executive Committee include the three existing public safety-related goals discussed in the agenda report in the SANDAG 2011 Legislative Program. Also recommended that the Executive Committee consider two new public safety-related goals in the 2011 Legislative Program: (1) support efforts to pursue changes in local, state, and federal laws to effectively apprehend, prosecute, and mete out appropriate penalties for those involved in Internet crimes against children; and (2) support efforts to pursue state legislation to permanently fund graffiti abatement programs with a dedicated portion of restitution.

Staff will update the Board of Directors if the actual actions taken by the Transportation and Public Safety Committees on October 15, 2010, differ from those described in this report.

GARY L. GALLEGOS
Executive Director
18. Role of Underwriters. The Commission acknowledges and agrees that (i) the purchase and sale of the Series 2010 Bonds pursuant to this Bond Purchase Agreement is an arm’s-length commercial transaction between the Commission and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as the agent or fiduciary of the Commission, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Commission with respect to the offering contemplated hereby or 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 (iv) the Commission has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.
Sales Tax Revenue – Past Year Comparison
Quarter-to-quarter comparison shows an increase in sales tax revenues over the last two quarters

TransNet Sales Tax Revenues (in Millions of Dollars)
Quarter Comparison (FY 2009 vs FY 2010)

Source: San Diego County Regional Transportation Commission

SANDAG Variable Rate Bonds

Source: San Diego Association of Governments
San Diego County Regional Transportation Commission

Proposed TransNet 2010 Bond Issuance

2010 Bond Financing Team

- San Diego County Regional Transportation Commission
  - Gary L. Gallegos, Executive Director
  - Renee Wasmund, Chief Deputy Executive Director
  - Julie Wiley, General Counsel
  - Mamey Cox, Chief Economist
  - Kim Kawada, TransNet and Legislative Affairs Program Director
  - Lauren Warrem, Director of Finance

- Financial Advisors, Public Financial Management
  - Keith Curry, Managing Director
  - Peter Shellenberger, Senior Managing Consultant

- Bond Counsel, Orrick, Herrington & Sutcliffe, LLP
  - Mary Collins, Partner
  - Brooke Abola, Senior Associate
  - Devin Brennan, Associate

- Disclosure Counsel, Nossaman, LLP
  - Barney Allison, Attorney at Law

- Senior Underwriter, Barclays Capital
  - Anthony Hughes, Managing Director
  - Michael Gomez, Director
  - John McCray-Goldsmith, Senior Vice President
Plan of Finance *(approved July 2010)*

- Opportunities lead to the implementation of the Robust scenario
  - Low bid construction cost environment
  - Historically low interest rates
  - Capture the Build America Bonds (BABS) 35% subsidy
  - Increased purchasing power of the *TransNet* program
**TransNet Extension Early Action Program**

**Structuring Considerations**

- Debt Service Structure
- BABs Subsidy Treatment
- Call Options
- Debt Service Reserve Fund
Structuring Considerations
Debt Service Structure

- Series 2010 estimated Par amount = $350 million
- $7.9 million tax-exempt / $342.1 million BABs

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<tr>
<th></th>
<th>Tax-exempt¹</th>
<th>BABs/Taxable²</th>
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<tr>
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<td>San Marcos</td>
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<td>Solana Beach</td>
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<tr>
<td>National City</td>
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<td>Cost of Issue</td>
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<td>Discount</td>
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<td>Total Par Issued</td>
<td>$7,915,000</td>
<td>$342,085,000</td>
<td>$350,000,000</td>
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</table>

1. 10 year level debt service
2. 38 year back-loaded principal
* Existing Commercial Paper refunding

"Back-loaded" principal structure achieves (1) low long-term interest rates; (2) complements the existing 2008 variable rate debt by maintaining level annual debt service; and (3) maintains strong debt service coverage at above 4.39

Projected TransNet Debt Service (FY 2010¹- FY 2048)

1. Actual FY 2010 Sales tax revenue used ($204,191,748) as well as actual 2010 debt service payments ($37,853,379) is shown.
Structuring Considerations

- Debt Service Structure
- BABs Subsidy Treatment
- Call Options
- Debt Service Reserve Fund

Questions to Consider

- Should we refinance the $600 million in variable rate bonds?
- What is our bonding capacity?
- What is the net cost of negative arbitrage?
  Is it more advantageous to issue all $350 million in bonds now, or to delay a portion of the bond issuance?
- What is the risk of elimination of the federal BABs subsidy?
- What is the risk that member agency funding could be appropriated for debt service?
- What is the risk to SANDAG of allowing member agencies to participate in the bond issuance?
- What ability does the state have to appropriate the TransNet sales tax for other purposes?
Financing Strategy Objectives

- Minimize borrowing costs for the Commission
- Maximize *TransNet* funds available for project construction and project delivery
- Maintain program flexibility
- Satisfy the credit / investor demands with appropriate covenants and strong debt service coverage
- Continue to diversify the debt profile with the issuance of fixed rate bonds
Resolution
(Attachment 2)

- The Resolution authorizes the 2010 Bonds and approves the following documents:
  - Official Statement
  - Third Supplemental Indenture
  - Second Supplement Subordinate Indenture
  - Bond Purchase Agreement
  - Continuing Disclosure Agreement
- The Resolution also approves other actions and matters relating to the 2010 Bonds
Preliminary Official Statement
(Attachment 3)

The Official Statement is used to sell the bonds and disclose all material information to the potential buyers of the bonds.

Third Supplemental Indenture
(Attachment 4)

- Supplements the Master Indenture relating to SANDAG’s senior revenue bonds
- Sets forth the repayment and redemption provisions with respect to the 2010 Bonds
- Amends the Master Indenture and First Supplemental Indenture
Second Supplement
Subordinate Indenture (Attachment 5)

The Subordinate Indenture governs the Subordinate debt program or the Commercial Paper Program

Bond Purchase Agreement
(Attachment 6)

Agreement by Underwriters to purchase 2010 Bonds from SANDAG
Continuing Disclosure Agreement
(Attachment 7)

SANDAG’s commitment to provide ongoing financial and operating information to the marketplace after the initial issuance of the 2010 Bonds in compliance with SEC Rules

Next Steps

- October 28 – Anticipated pricing of bonds
- November 10 – Anticipated closing of bonds
Recommendation:

The Transportation Committee recommends the Board of Directors acting as the San Diego County Regional Transportation Commission,

(1) adopt Resolution No. RTC 2011-01, authorizing the issuance of not to exceed $350 million of fixed-rate bonds and the execution and distribution of the documents that are attached in substantially final form (Attachments 2-7); and

(2) approve the use of a portion of the issuance of the TransNet Series 2010 Bonds for the Cities of San Marcos, Solana Beach, Santee, and National City and authorize the Executive Director to execute a Memorandum of Agreement with each of those Cities in substantially the same form as Attachment 10.
2050 RTP Process and Timeline

- **Fall 2009**: Goals and Objectives
- **Spring 2010**: 2050 Regional Growth Forecast
- **Summer 2010**: Network Development All Modes
- **Fall 2010**: Project Evaluation Criteria
- **Early 2011**: Draft 2050 RTP and EIR

**Revenue Projections**
- Ranked Projects by Category
- Revenue Constrained/SCS Preferred Network Scenario
- Apply Performance Measures
Scenario Development Based on Revenue Constraints

Unconstrained Multimodal Network
$145B

$100B-110B

Transit Emphasis
- Tyne and Wear Tramlink
- Rural bus

Rail/Freight Emphasis
- Tyne and Wear Rail
- Rural rail

Highway Emphasis
- Tyne and Wear Highways
- Rural highways

Fusion
- Tyne and Wear Fusion
- Rural fusion

Transit Modes

- High Speed and Commuter Rail
- COASTER Rail
- Light Rail Transit
- Express Light Rail Transit
- Bus Rapid Transit
- Peak Bus Rapid Transit
- Rapid Bus
- Streetcar/Shuttle-Circulator
- High Frequency Local Bus Services
Transit Network Scenarios

- Projects common to all scenarios
  - Existing and baseline projects
  - Projects from the Unconstrained Transit Network

Transit Network Scenarios (cont.)

- Choices between Major Capital Investments
  - Downtown Trolley Tunnel
  - Kearny Mesa Guideway
  - UTC COASTER Station and Tunnel
  - New LRT projects
# Summary of Transit Investments by Network

<table>
<thead>
<tr>
<th>Major Capital Investments</th>
<th>Transit</th>
<th>Rail/Freight</th>
<th>Highway</th>
<th>Fusion</th>
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<tr>
<td>Downtown Trolley Tunnel</td>
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<td>✓</td>
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<tr>
<td>Kearny Mesa Guideway</td>
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<td>UTC COASTER Station/Tunnel</td>
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<td>Rapid Bus</td>
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<td>Streetcars/Shuttles</td>
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- ✓ = Included
- = Smaller Investment
- = Larger Investment

## Transit Emphasis

<table>
<thead>
<tr>
<th>Major Capital Investments</th>
<th>Transit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Trolley Tunnel</td>
<td>✓</td>
</tr>
<tr>
<td>Kearny Mesa Guideway</td>
<td>✓</td>
</tr>
<tr>
<td>UTC COASTER Station/Tunnel</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Routes</th>
<th>Transit</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRT</td>
<td></td>
</tr>
<tr>
<td>BRT</td>
<td></td>
</tr>
<tr>
<td>Rapid Bus</td>
<td></td>
</tr>
<tr>
<td>Streetcars/Shuttles</td>
<td></td>
</tr>
</tbody>
</table>

- ✓ = Included
- = Smaller Investment
- = Larger Investment
Major Capital Investments

- Downtown Trolley Tunnel
- Kearny Mesa Guideway
- UTC COASTER Station/Tunnel

New Routes

- LRT
- BRT
- Rapid Bus
- Streetcars/Shuttles

= Included
= Smaller Investment
= Larger Investment

---

Highway Emphasis

Major Capital Investments

- Downtown Trolley Tunnel
- Kearny Mesa Guideway
- UTC COASTER Station/Tunnel

New Routes

- LRT
- BRT
- Rapid Bus
- Streetcars/Shuttles

= Included
= Smaller Investment
= Larger Investment
## Major Capital Investments

- **Downtown Trolley Tunnel**
- **Kearny Mesa Guideway**
- **UTC COASTER Station/Tunnel**

### New Routes

- **LRT**
- **BRT**
- **Rapid Bus**
- **Streetcars/Shuttles**

- INCLUDES: 126
- Smaller Investment: 2050 No Build
  - Rail/Freight: 97
  - Highway: 97
  - Fusion: 138
- Larger Investment: 2050 Transit
  - Rail/Freight: 214
  - Highway: 268
  - Fusion: 256

### Transit Service Infrastructure Miles

- **2050 No Build**:
  - Commuter/High Speed Rail: 93
  - LRT: 82
  - BRT: 24
  - Rapid Bus: 60
  - Streetcars/Shuttles: 0
- **2050 Transit**:
  - Commuter/High Speed Rail: 181
  - LRT: 194
  - BRT: 25
  - Rapid Bus: 93
  - Streetcars/Shuttles: 0
- **2050 Rail/Freight**:
  - Commuter/High Speed Rail: 107
  - LRT: 96
  - BRT: 9
  - Rapid Bus: 97
  - Streetcars/Shuttles: 0
- **2050 Highway**:
  - Commuter/High Speed Rail: 268
  - LRT: 179
  - BRT: 18
  - Rapid Bus: 97
  - Streetcars/Shuttles: 0
- **2050 Fusion**:
  - Commuter/High Speed Rail: 256
  - LRT: 138
  - BRT: 33
  - Rapid Bus: 33
  - Streetcars/Shuttles: 0
Differences Between the Highway Networks

- Projects common to all scenarios
  - Baseline projects
  - TransNet projects
- Flexible funding enables additional projects in some of the Scenarios:
  - Rail/Freight Emphasis
  - Highway Emphasis
  - Fusion
Rail/Freight Emphasis

- I-8
- SR 67
- SR 905

Highway Emphasis

- I-5 & I-15 toll lanes
- SR 76
- I-5 North Coast
- I-8
- SR 54
- SR 67
- SR 94
- SR 125
- SR 52
- SR 56
Fusion

- SR 76
- I-5
- SR 94
- SR 125

Transit Service Miles

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Service Miles</th>
</tr>
</thead>
<tbody>
<tr>
<td>2050 No Build</td>
<td>97,073</td>
</tr>
<tr>
<td>2050 Transit</td>
<td>259,461</td>
</tr>
<tr>
<td>2050 Rail/Freight</td>
<td>237,183</td>
</tr>
<tr>
<td>2050 Highway</td>
<td>267,160</td>
</tr>
<tr>
<td>2050 Fusion</td>
<td>246,554</td>
</tr>
<tr>
<td>2030 RTP</td>
<td>205,157</td>
</tr>
</tbody>
</table>
Revenue Constrained Network Scenarios
Performance Measures: Preliminary Partial Results

<table>
<thead>
<tr>
<th>2050 RTP Goals</th>
<th>2050 Performance Measures</th>
<th>Transit</th>
<th>Rail/Freight</th>
<th>Highway</th>
<th>Fusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Preservation &amp; Safety</td>
<td>Annual Projected Number of Collisions</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Mobility</td>
<td>Work Trip Speed (Carpool &amp; Transit)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Work Trips Accessible in 30 Minutes by Transit (peak period)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Reliability</td>
<td>Congested Conditions (peak period)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Vehicle Delay</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Healthy Environment</td>
<td>Transit Passenger Miles</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Systemwide VMT</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Social Equity</td>
<td>Travel Time</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td></td>
<td>Homes Within 1/2 Mile of Transit</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

- Strong Improvement
- Modest Improvement
- No Significant Change
- No Improvement
2050 RTP: Mid-City to UTC

Existing (2008)

SOV: 26
HOV: 25
Transit (Walk): 65
Transit (Park & Ride): 56

No Build (2050)

SOV: 39
HOV: 38
Transit (Walk): 77
Transit (Park & Ride): 66

Minutes
2050 RTP: Mid-City to UTC

Existing (2008)

SOV: 26
HOV: 25
Transit (Walk): 65
Transit (Park & Ride): 56

Highway Emphasis (2050)

SOV: 38
HOV: 26
Transit (Walk): 40
Transit (Park & Ride): 77

Fusion (2050)

SOV: 38
HOV: 28
Transit (Walk): 34
Transit (Park & Ride): 66
Transit Mode Share Goals in 2050

Transit Mode Share

Performance in 2050
2050 RTP Process and Timeline

Next Steps

- November 5th Board Policy Meeting
- November 12th Transportation Committee
- November 19th Board Meeting