TRANSPORTATION COMMITTEE AGENDA

Friday, September 17, 2010
9 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

- 2050 REGIONAL TRANSPORTATION PLAN: INITIAL REVENUE CONSTRAINED/SUSTAINABLE COMMUNITY STRATEGY SCENARIOS
- DRAFT 2010 - 2014 COORDINATED PLAN
- STATE ROUTE 76 CORRIDOR UPDATE

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(619) 699-1900 • Fax (619) 699-1905 • www.sandag.org
Welcome to SANDAG. Members of the public may speak to the Transportation Committee on any item at the time the Committee 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 Committee staff. Also, members of the public are invited to address the Committee on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The Transportation Committee 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 SANDAG’s 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 noon, two working days prior to the Transportation Committee meeting. Any handouts, presentations, or other materials from the public intended for distribution at the Transportation Committee 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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## TRANSPORTATION COMMITTEE
Friday, September 17, 2010

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>RECOMMENDATION</th>
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</thead>
<tbody>
<tr>
<td>+1.</td>
<td>APPROVE</td>
</tr>
<tr>
<td>2.</td>
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</table>

### APPROVAL OF SEPTEMBER 3, 2010, MEETING MINUTES

#### PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Members of the public will have the opportunity to address the Transportation Committee on any issue within the jurisdiction of the Committee that is not on this agenda. Speakers are limited to three minutes each and shall reserve time by completing a “Request to Speak” form and giving it to the Clerk prior to speaking. Committee members also may provide information and announcements under this agenda item.

### CONSENT (3)

| +3.    | APPROVE         |

#### JOB ACCESS & REVERSE COMMUTE PASS-THROUGH FY 2011 BUDGET AMENDMENT (Danielle Kochman)

The Transportation Committee is asked to approve an amendment to the FY 2011 Budget to add $349,311 of pass-through funding from the Job Access & Reverse Commute federal grant program as shown in the attachment.

### REPORTS (4 through 13)

| +4.    | ACCEPT          |

#### 2050 REGIONAL TRANSPORTATION PLAN (RTP): DRAFT PROPOSED METHODOLOGY FOR CONDUCTING THE RTP AIR QUALITY CONFORMITY DETERMINATION (Rachel Kennedy)

SANDAG is currently developing the 2050 Regional Transportation Plan (RTP), which is anticipated to be adopted in summer 2011 along with its air quality conformity determination. While the horizon year of this RTP is 2050, both the current version of the emissions model approved by the U.S. Environmental Protection Agency (EMFAC 2007) and the new version of the model (EMFAC 2010), which is under development by the California Air Resources Board (CARB), only contain emissions factors to 2040. Since no other emissions model is approved for use in conformity determinations by Metropolitan Planning Organizations in California, SANDAG is exploring options under the Transportation Conformity Rule to conduct the air quality conformity determination for its 2050 RTP. The Transportation Committee is asked to: (1) accept for review and distribution the draft proposed methodology for conducting the air quality conformity determination for the 2050 RTP for a 30-day comment period, and (2) schedule a public hearing to solicit public comments on shortening the conformity timeline and proposed
methodology for the regional emissions analysis for the October 15, 2010, Transportation Committee meeting.

+5. 2050 REGIONAL TRANSPORTATION PLAN: INITIAL REVENUE CONSTRAINED/SUSTAINABLE COMMUNITY STRATEGY (SCS) SCENARIOS (Heather Werdick and Susan Baldwin)  

Based on revenue projections, various Revenue Constrained transportation scenarios have been developed using the prioritized project list and other factors. The Revenue Constrained transportation scenarios will attempt to build and operate as much of the Unconstrained Network as possible, given revenue availability and flexibility, and project priorities. Staff will present the initial Revenue Constrained networks and SCS scenarios. The performance of these initial scenarios also will be presented. Transportation Committee members are asked to discuss and provide feedback on the initial Revenue Constrained/SCS scenarios.

+6. CALIFORNIA HIGH-SPEED TRAIN SYSTEM: LOS ANGELES TO SAN DIEGO VIA INLAND EMPIRE SECTION QUARTERLY UPDATE (Linda Culp)  

The California High-Speed Rail Authority (CHSRA) is the state agency responsible for planning, constructing, and operating a high-speed train system serving California’s major metropolitan areas. The proposed system stretches over 800 miles and would connect San Diego, Los Angeles, the Central Valley, San Francisco, and Sacramento using a state-of-the-art, electrified system capable of speeds in excess of 200 miles per hour. SANDAG continues to monitor the work on the CHSRA. This report is the regular quarterly update to the Transportation Committee.

+7. DRAFT 2010 - 2014 COORDINATED PLAN (Phil Trom)  

The Regional Short Range Transit Plan and Coordinated Plan provide a blueprint for the development of transit and human services transportation in San Diego for the next five years. This is the fourth year that it has been combined with the SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users) federal requirement for a Coordinated Public Transit and Human Services Transportation Plan and the first year that the rural areas of the region have been specifically incorporated into the plan. The Transportation Committee is asked to accept and release for public review and comment the Draft 2010-2014 Coordinated Plan, and to schedule a public hearing for the October 15, 2010, Transportation Committee meeting.
8. **PROPOSED BUDGET AMENDMENT: INLAND RAIL TRAIL FINAL FUNDING PLAN ADJUSTMENT** (Dave Ragland and José A. Nuncio)

Ports of the Inland Rail Trail (IRT) between Oceanside to Escondido were constructed in conjunction with the SPRINTER rail project. The IRT’s share of the SPRINTER budget has now been calculated and additional funds are needed. The Transportation Committee is asked to recommend 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 North County Transit District.

9. **PROPOSED FY 2011 BUDGET AMENDMENT: LOSSAN CORRIDOR PLANNING** (Linda Culp)

The Transportation Committee is asked to recommend that the Board of Directors: (1) approve the FY 2011 budget amendment to accept member agency funds of $396,689 for OWP #3400600 as shown in the attachment; and (2) authorize the Executive Director to execute grant agreements and all documents necessary to accept $200,000 in ARRA planning funds and further amend OWP #3400600 once these funds are available.

10. **TransNet PROPOSED 2010 BOND ISSUANCE: REVIEW OF DRAFT DOCUMENTS** (Lauren Warrem)

On July 23, 2010, the Board of Directors approved the 2010 TransNet Plan of Finance update. To support the Board’s action, draft bond documents have been prepared for the proposed issuance of approximately $350 million in long-term fixed rate debt in November 2010. Staff will provide an overview of the bond strategy and financing schedule, including a summary of the draft bond documents.

11. **STATE ROUTE 76 CORRIDOR UPDATE** (Allan Kosup, Caltrans)

Staff will present an update on the State Route 76 (SR 76) Corridor, including the release of the Draft Environmental Document of the SR 76 East project between South Mission Road to Interstate 15 and the ongoing construction of the SR 76 Middle project between Melrose Drive and South Mission Road.

12. **SPRINTER FINAL FUNDING PLAN ADJUSTMENT** (José A. Nuncio)

The North County Transit District (NCTD) has completed a final accounting of the SPRINTER project expenses. The final cost of the SPRINTER was approximately $6.5 million less than the total funding plan amount of $484.1 million. This report is provided in order to document the final cost of the project.
The Governor and the Legislature have not yet reached agreement on the Fiscal Year (FY) 2010-11 Budget. The delay in approving the state budget is impacting the delivery of transportation projects. This report briefly describes the current status of the state budget situation and the impacts to transportation projects.

The next meeting of the Transportation Committee is scheduled for Friday, October 1, 2010, at 9 a.m.
TRANSPORTATION COMMITTEE DISCUSSION AND ACTIONS
MEETING OF SEPTEMBER 3, 2010

The meeting of the Transportation Committee was called to order by Chair Jack Dale (East County) at 9:00 a.m. See the attached attendance sheet for Transportation Committee member attendance.

1. APPROVAL OF MEETING MINUTES

Action: Upon a motion by Vice Chair Matt Hall (North County Coastal) and a second by Supervisor Ron Roberts (County of San Diego), the Transportation Committee approved the minutes from the July 16, 2010, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public or member comments.

REPORTS (3 through 7)

3. 2008 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 27 (APPROVE)

On July 25, 2008, the Board of Directors adopted the 2008 Regional Transportation Improvement Program (RTIP), the multiyear program of proposed major highway, arterial, transit, and bikeway projects in the San Diego region covering the period FY 2009 to FY 2013. The 2008 RTIP expires December 2010. In the meantime, three projects that need revisions during this 2008 RTIP cycle have been identified. There is an urgent need to process this amendment prior to the end of the federal fiscal year.

Sookyung Kim, Financial Programming Manager, presented the item.

Action: Upon a motion by Mayor Jim Desmond (North County Inland) and a second by Vice Chair Hall, the Transportation Committee approved Amendment No. 27 to the 2008 Regional Transportation Improvement Program.
4. PUBLIC HEARING: PROPOSED FINAL 2010 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM (RECOMMEND)

SANDAG, as the metropolitan planning organization (MPO), 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. This public hearing is to accept public testimony on the 2010 RTIP including the draft air quality conformity analysis.

Sookyung Kim, Financial Programming Manager, presented the item.

Chair Dale opened the Public Hearing for the Proposed Final 2010 Regional Transportation Improvement Program.

Gary Knight, San Diego North Economic Development Corporation, spoke in support of this item.

Jay Powell, City Heights Community Development Corporation, spoke in support of this item but expressed some concerns regarding the SAN26C in the RTIP.

Chair Dale closed the public hearing.

Action: Upon a motion by Chairman Bob Campbell (North County Transit District [NCTD]) and a second by Mayor Desmond, the Transportation Committee: (1) held a public hearing for the Proposed Final 2010 RTIP including its Air Quality Conformity Analysis and the Air Quality re-determination of the 2030 Revenue Constrained Regional Transportation Plan: Pathways for the Future (2030 RTP); (2) directed staff to finalize the 2010 RTIP, including any significant public comments received during the public hearing; and (3) recommended that the Board of Directors approve Resolution No. 2011-05 (Attachment 1), adopting the 2010 RTIP including its Air Quality Conformity Analysis and the Air Quality re-determination of the 2030 RTP in substantially the same form as attached to the report.

5. AMENDMENTS TO THE FY 2010 AND 2011 BUDGETS: TRANSPORTATION STUDIES (APPROVE)

The Transportation Studies work element (2301100) conducts transportation studies and surveys that are used for transportation and transit planning purposes as well as transportation modeling. Two projects within this work element, the 2010 Parking Behavior Survey and the 2010 Cross Border Travel Behavior Survey include tasks carried over from FY 2010 to FY 2011. These budget amendments would carry over to FY 2011 the funds budgeted, but not spent in FY 2010 to complete these tasks, resulting in a $293,000 increase to the FY 2011 budget, offset by identical decrease to the FY 2010 budget.

Kurt Kroninger, Director of Technical Services, presented the item.

Action: Upon a motion by Vice Chair Hall and a second by Mayor Pro Tem Carrie Downey (South County), the Transportation Committee approved the revisions to the FY 2011 Program Budget (including the Overall Work Program) outlined in Attachments 1 and 2 in the amount of $293,000 carried over from FY 2010 to FY 2011.
6. FY 2011 CAPITAL IMPROVEMENT PROGRAM BUDGET AMENDMENT: TRAFFIC LIGHT SYNCHRONIZATION PROGRAM (RECOMMEND)

Since late 2008 SANDAG has been working in partnership with Caltrans, Metropolitan Transit System (MTS), and the Cities of San Diego, Poway, and Escondido for the completion and delivery of six traffic light synchronization projects. Funding for these projects was competitively awarded through Proposition 1B funds under the Traffic Light Synchronization Program (TLSP) and local matching contributions from the City of San Diego, Poway, and Centre City Development Corporation. These projects focus on improving traffic flows along arterials and reducing trip times for transit through the implementation of multi-agency signal timing and transit signal priority improvements. The proposed budget amendment is being requested to carry forward three TLSP projects into the FY 2011 budget for which work was originally scheduled to be completed in FY 2010.

Alex Estrella, Senior Transportation Planner, presented the item and also provided an update report on the TLSP projects.

Frank Rivera, Principal Engineer, City of Chula Vista, reported on how this project has benefited the City of Chula Vista.

Action: Upon a motion by Mayor Pro Tem Downey and a second by Chairman Mathis, the Transportation Committee recommended that the Board of Directors add the following Traffic Light Synchronization Program (TLSP) projects to 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 SuperLoop Project (CIP 1143405).

7. INTERSTATE 15 FasTrak® VALUE PRICING PROGRAM: PROPOSED FY 2011 BUDGET AMENDMENT AND STATUS REPORT (RECOMMEND)

Chris Burke, Associate Business Analyst, presented the item.

Action: Upon a motion by Chairman Mathis and a second by Mayor Pro Tem Downey, 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 as shown in Attachment 1; and (2) amend the fund transfer agreement #5000979 with MTS in substantially the same form as Attachment 2, to increase the FY 2011 FasTrak contribution by $500,000, making the total FY 2011 contribution $1 million, and to incorporate future transfer amounts as part of the annual SANDAG budget process.

8. UPCOMING MEETINGS

The next meeting of the Transportation Committee is scheduled for Friday, September 17, 2010, at 9 a.m.

9. ADJOURNMENT

Chair Dale adjourned the meeting at 9:53 a.m.

Attachment: Attendance Sheet
# CONFIRMED ATTENDANCE
## SANDAG TRANSPORTATION COMMITTEE MEETING
## SEPTEMBER 3, 2010

<table>
<thead>
<tr>
<th>GEOGRAPHICAL AREA/ORGANIZATION</th>
<th>JURISDICTION</th>
<th>NAME</th>
<th>MEMBER/ALTERNATE</th>
<th>ATTENDING</th>
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<tr>
<td>North County Coastal</td>
<td>City of Carlsbad</td>
<td>Matt Hall (Vice Chair)</td>
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<td>City of Del Mar</td>
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<td>East County</td>
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<td>City of San Diego</td>
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<td>Anthony Young</td>
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<td>Todd Gloria</td>
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<td>Marti Emerald</td>
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<td>County of San Diego</td>
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<td>Metropolitan Transit System</td>
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<td>ADVISORY/LIAISON Caltrans</td>
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<td>Laurie Berman</td>
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<td>SCTCA</td>
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<td>Albert Phoenix</td>
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<td>Dave Toler</td>
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<td>Francine Kupsch</td>
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<td></td>
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<td>Jerome Stocks</td>
<td>Vice Chair BoD</td>
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San Diego Association of Governments

TRANSPORTATION COMMITTEE

September 17, 2010

AGENDA ITEM NO.: 3

Action Requested: APPROVE

JOB ACCESS & REVERSE COMMUTE PASS-THROUGH
FY 2011 BUDGET AMENDMENT

File Number 3320200

Introduction

SANDAG was selected by the Governor of California to be the designated recipient of the federal Job Access and Reverse Commute (JARC) funding program for the San Diego urbanized area. The purpose of the JARC program is to provide grants for operations, capital, and mobility management projects aimed at serving reverse commuters and low-income individuals traveling to jobs and employment-related activities. In order to facilitate the distribution of funding to awardees, the Transportation Committee is asked to approve the creation of a new JARC pass-through work element, providing $350,000 of grants, as approved by the Board of Directors and the Federal Transit Administration (FTA).

Discussion

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) requires that SANDAG conduct a competitive selection process to distribute funds. Eligible applicants include private nonprofit organizations, governmental authorities, private and public transportation providers, and the Consolidated Transportation Services Agency (CTSA). The purpose of this competitive selection process is to evaluate potential projects and recommend to the FTA which project should be funded. In fall 2008, the third competitive selection cycle was conducted by SANDAG to distribute all remaining FY 09 JARC funds. On February 27, 2009, the Board of Directors approved the recommended ranked list of projects, resulting in up to four projects to be funded through this program. These projects, listed below, were then programmed into the Regional Transportation Improvement Program (RTIP) and forwarded to the FTA who approved the grant application on April 29. Upon approval of this budget amendment, grant agreements will be executed with each subrecipient.

Recommendation

The Transportation Committee is asked to approve an amendment to the FY 2011 Budget to add $349,311 of pass-through funding from the Job Access & Reverse Commute federal grant program (Attachment 1).
<table>
<thead>
<tr>
<th>Rank</th>
<th>Sponsor</th>
<th>Project Description</th>
<th>Requested Grant $</th>
<th>Req'd Match</th>
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<tr>
<td>1</td>
<td>All Congregations Together (ACT)</td>
<td>ComLink Transportation: The proposed project would provide a shuttle service for low-income individuals and reverse commuters to and from jobs and activities related to their employment in areas with gaps in transportation services as identified in the 2010-2011 TPAs.</td>
<td>FY 2009 - $60,000</td>
<td>50%</td>
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<tr>
<td>1</td>
<td>International Rescue Committee</td>
<td>Employment Transportation for Refugees: This project offers newly arrived refugees increased access to existing transit systems by offering one-on-one route planning and accompanied educational bus and trolley trips.</td>
<td>FY 2009 - $60,101</td>
<td>20%</td>
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<tr>
<td>3</td>
<td>St. Madeline Sophie’s Center</td>
<td>Rides4Neighbors: This project proposes to expand the City of La Mesa’s volunteer driver program into the neighboring communities of Mt. Helix and other unincorporated areas, Spring Valley, parts of El Cajon and Lemon Grove, San Carlos, and Del Cerro. Additional elements of this project include the expansion of a small bus flexible route for shopping and medical trips, the distribution of subsidized taxi vouchers, the development of a travel training program, and hosting a Transportation and Mobility Expo event.</td>
<td>FY 2009 - $125,561.55</td>
<td>27%</td>
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<td>4</td>
<td>Alpha Project</td>
<td>This project proposes to expand the transportation services Alpha Project provides to residents of Casa Raphael, a residential substance abuse treatment program, to job training, readiness, and employment assistance programs, in addition to employment opportunities.</td>
<td>FY 2009 - $103,648.50</td>
<td>50%</td>
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While JARC grants have been awarded in the past, in San Diego County they have historically been awarded to transit operators who have a direct recipient relationship with the FTA. The most recent competitive process resulted in funding four nonprofit organizations to receive JARC grants. Because these agencies are private, SANDAG must act as the recipient of these funds, with the awarded agencies entering into a subrecipient relationship. To accommodate this relationship, the Transportation Committee is asked to approve the creation of a new work element, 3320900, in the FY 2011 Program Budget. The Transportation Committee is asked to add $349,311 of pass-through funding to this work element to fund the $350,000 JARC grant as approved by the FTA. The administration and oversight of these grants is funded separately in work element 3320200.

CHARLES “MUGGS” STOLL  
Director of Land Use and Transportation Planning

Attachment: 1. JARC Pass-through 3320900 Work Element

Key Staff Contact: Danielle Kochman, (619) 699-1921, dko@sandag.org
WORK ELEMENT: 3320900 JARC PASS-THROUGH
FY 2011 BUDGET: $350,000

AREA OF EMPHASIS: SMART MOBILITY

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<th>FY 12-15</th>
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<td>$349,311</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$0</strong></td>
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<th>FY 11</th>
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<td>Pass-through/In-kind Services</td>
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<td>$349,311</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>$349,311</strong></td>
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**OBJECTIVE**

This project exists to provide pass-through funding for 5316 Job Access and Reverse Commute grants. The administration and oversight of these grants is funded separately in work element 3320200.

**PREVIOUS ACCOMPLISHMENTS**

This is the first instance that pass through funding has been awarded to sub-grantees.

**Project Manager:** Daniel Levy
**Committee(s):** Transportation Committee
**Working Groups:** Social Services Transportation Advisory Council

**PRODUCTS, TASKS, AND SCHEDULES**

<table>
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<tr>
<th>TASK NO.</th>
<th>PERCENT EFFORT</th>
<th>TASK / PRODUCT DESCRIPTION(S) / SCHEDULE</th>
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</table>
| 1        | 100%           | **Task Description:** Pass-through monies to grant recipients.  
**Product:** Services provided to grant recipients Grant award letters to successful recipients.  
**Completion Date:** 6/30/2011 |

**FUTURE ACTIVITIES**

Additional funds will be awarded as money is appropriated from the federal government.
INTRODUCTION

SANADAG is currently developing the 2050 Regional Transportation Plan (RTP), which is anticipated to be adopted in summer 2011 along with its air quality conformity determination. While the horizon year of this RTP is 2050, both the current version of the emissions model approved by the United States Environmental Protection Agency (EMFAC 2007) and the new version of the model (EMFAC 2010), which is under development by the California Air Resources Board (CARB), only contain emissions factors to 2040. Since no other emissions model is approved for use in conformity determinations by Metropolitan Planning Organizations (MPOs) in California, staff has explored options under the Transportation Conformity Rule to conduct the air quality conformity determination for the 2050 RTP.

RECOMMENDATION

The Transportation Committee is asked to:
1. Accept for review and distribution the draft proposed methodology for conducting the air quality conformity determination for the 2050 RTP for a 30-day comment period.
2. Schedule a public hearing to solicit public comments on shortening the conformity timeline and proposed methodology for the regional emissions analysis for the October 15, 2010, Transportation Committee meeting.

DISCUSSION

BACKGROUND

The United States Environmental Protection Agency (EPA) has designated the San Diego air basin as nonattainment for the 1997 8-Hour Ozone standard and as a maintenance area for the Carbon Monoxide (CO) standard. SANDAG and the United States Department of Transportation (DOT) must make a determination that the RTP and the Regional Transportation Improvement Program (RTIP) conform to the State Implementation Plan (SIP) for air quality. Conformity to the SIP means that transportation activities will not create new air quality violations, worsen existing violations, or delay the attainment of the national ambient air quality standards.

CONFORMITY RULE PROVISIONS TO SHORTEN THE CONFORMITY TIMEFRAME OF THE RTP

The federal Conformity Rule outlines the process that MPOs must follow in conducting air quality conformity for RTPs. Conformity is a multistep process, which is conducted with interagency consultation through the San Diego Region Conformity Working Group (CWG), which includes staff from the California Air Resources Board, Caltrans, United States Department of Transportation, San Diego County Air Pollution Control District, United States EPA Region 9, and others.
The air quality conformity analysis utilizes travel data from the SANDAG travel demand model, which is then input into EMFAC to estimate air pollutant emissions for the San Diego region. SANDAG is required to conduct this analysis for various milestone years of the Plan, including the horizon year of the RTP. For the 2050 RTP SANDAG is unable to perform the conformity analysis of the RTP horizon year, as both EMFAC 2007 and EMFAC 2010 only contain emission factors to 2040. The federal Conformity Rule contains provisions for shortening the conformity timeframe for RTPs, which are detailed in Attachment 1.

**Draft Proposed Methodology for Conducting the Air Quality Conformity Determination for the 2050 RTP**

SANDAG staff will conduct the Air Quality Conformity Analysis for the 2050 RTP for 2011 through 2040, with the analysis years of 2018, 2020, 2030, and 2040. SANDAG will prepare a regional emissions analysis (for information purposes only) for 2050. To perform the informational analysis for 2050, SANDAG will use the 2050 travel data from the SANDAG transportation model as input into EMFAC 2007 for the last year of the EMFAC 2007 model (2040).¹

SANDAG staff conducted interagency consultation on the proposed methodology with the CWG at its August 4 and September 1, 2010 meetings. The CWG concurred with the proposed methodology.

**Next Steps**

Pending action by the Transportation Committee, the draft proposed methodology for conducting the air quality conformity determination for the 2050 RTP will be distributed for a 30-day public comment period ending on October 18, 2010. A public hearing to solicit public comments on shortening the conformity timeline to 2040 and proposed methodology for the regional emissions analysis will be held at the October 15, 2010, Transportation Committee meeting. Comments received will be incorporated as appropriate. The Board of Directors will be asked to take action on the proposed methodology to conduct the 2050 RTP conformity determination at a future meeting.

CHARLES “MUGGS” STOLL  
Director of Land Use and Transportation Planning

Attachment: 1. Draft Proposed Methodology for Conducting the Air Quality Conformity Analysis for the 2050 RTP

Key Staff Contact: Rachel Kennedy, (619) 699-1929, rke@sandag.org

¹ This methodology also would be applied using the EMFAC 2010 model once available.
Draft Proposed Methodology for Conducting the Air Quality Conformity Determination for the 2050 RTP

Introduction

SANDAG is currently developing the 2050 Regional Transportation Plan (RTP), which is anticipated to be adopted in summer 2011 along with its air quality conformity determination. While the horizon year of this RTP is 2050, both the current version of the emissions model approved by the U.S. Environmental Protection Agency (EMFAC 2007) and the new version of the model (EMFAC 2010), which is under development by the California Air Resources Board (CARB), only contain emissions factors to 2040. Since no other emissions model is approved for use in conformity determinations by Metropolitan Planning Organizations in California, SANDAG staff has explored options under the Transportation Conformity Rule to conduct the air quality conformity determination for the 2050 RTP.

San Diego Region Air Quality Designations

The federal Clean Air Act (CAA), which was last amended in 1990, requires the U.S. Environmental Protection Agency to set National Ambient Air Quality Standards (NAAQS) for pollutants considered harmful to public health and the environment. Areas with levels that exceed the standard for specified pollutants are designated as non-attainment areas.

Eight-Hour Ozone

On April 15, 2004, the U.S. Environmental Protection Agency (EPA) designated the San Diego air basin as nonattainment for the 1997 Eight-Hour Ozone Standard. This designation took effect on June 15, 2004. Several areas that are tribal lands in eastern San Diego County were excluded from the nonattainment designation.

The air basin was initially classified as a basic nonattainment area under Subpart 1 of the Clean Air Act and the maximum statutory attainment date for the 8-Hour Ozone Standard was set as June 15, 2009. In response to a court decision, however, on January 16, 2009, U.S. EPA proposed that, among other areas of the country, the San Diego basic nonattainment area will be reclassified as a Subpart 2 moderate nonattainment area, with a maximum statutory attainment date of June 15, 2010. Final EPA action on this proposed reclassification has not been taken.

In cooperation with the San Diego County Air Pollution Control District and SANDAG, the CARB developed an 8-Hour Ozone Attainment Plan which was submitted to the U.S. EPA on June 15, 2007. The budgets in the Eight-Hour Ozone Attainment Plan for San Diego County were found adequate for transportation conformity purposes by the U.S. EPA, effective June 9, 2008.
Carbon Monoxide

In June 1998, the U.S. EPA approved California’s Maintenance Plan for Carbon Monoxide (CO) and redesignated the San Diego air basin as a federal attainment/maintenance area for the CO standard. On November 8, 2004, the CARB submitted to the U.S. EPA the 2004 revision to the California State Implementation Plan (SIP) for CO, which covers the second ten-year maintenance period to 2018. Effective January 30, 2006, the U.S. EPA has approved this maintenance plan as a SIP revision.

Conformity Rule Provisions for Shortening the RTP Timeframe

Eight-Hour Ozone

The San Diego air basin does not have an adequate or approved Maintenance Plan for the 1997 8-Hour Ozone Standard. According to 40 CFR 93.106 (d), for areas that do not have an adequate or approved maintenance plan, the Metropolitan Planning Organization (MPO) may elect to shorten the timeframe of the RTP conformity determination, after consultation with state and local air quality agencies, solicitation of public comments, and consideration of such comments (40 CFR 93.106(d)(2)). The conformity determination must be accompanied by a regional emissions analysis (for informational purposes only) for the last year of the transportation plan (40 CFR 93.106(d)(2)(ii)).

The shortened timeframe must extend at least to the latest of the following years (40 CFR 93.106(d)(2)(i)):

(A) the tenth year of the transportation plan (for SANDAG, 2021)

(B) The latest year of the adequate emissions budget (for SANDAG, 2008)

(C) The year after completion of a regionally significant project if the project is included in the Transportation Improvement Program (TIP) or the project requires approval before the subsequent conformity determination (for SANDAG, there will be regionally significant projects up to and beyond 2040; the next RTP conformity determination is anticipated in 2015)

Given the availability of EMFAC 2007 and the future EMFAC 2010 emissions factors to 2040, SANDAG only will be able to determine conformity of the 2050 RTP to 2040 as the latest conformity year. A regional emissions analysis for the 8-Hour Ozone Standard will be conducted for regionally significant projects included in the 2050 RTP between 2041 and 2050 for informational purposes.

Carbon Monoxide

The San Diego air basin has an approved Maintenance Plan. According to 40 CFR 93.106 (d)(3), for areas that have an adequate or approved Maintenance Plan, the MPO may elect to shorten the timeframe of the conformity determination to extend through the last year of such maintenance plan, after consultation with state and local air agencies, solicitation of public comments, and consideration of such comments.

For the San Diego air basin, the last year of the CO Maintenance Plan is 2018. U.S. EPA Region 9 staff has consulted with its Office of Transportation and Air Quality and has confirmed that the timeframe could extend beyond the last year of the Maintenance Plan, to 2040 for the 2050 RTP conformity.
SANDAG Proposal for Shortening the Timeframe of the 2050 RTP Conformity Determination

SANDAG staff is proposing to shorten the timeframe of the air quality conformity determination for the 2050 RTP to the year 2040. A regional emissions analysis for the 8-Hour Ozone and Carbon Monoxide standards will be conducted for regionally significant projects included in the 2050 RTP between 2041 and 2050, for informational purposes.

Proposed 2050 RTP Air Quality Conformity Methodology

SANDAG staff will conduct the Air Quality Conformity Analysis for the 2050 RTP 2011 through 2040, with the analysis years of 2018, 2020, 2030, and 2040. SANDAG will prepare a regional emissions analysis (for information purposes only) for 2050. To perform the informational analysis SANDAG will use the 2050 travel data from the SANDAG transportation model as input into EMFAC 2007 for the last year of the EMFAC 2007 model (2040).¹

¹ This methodology also would be applied using the EMFAC 2010 model once available.
2050 REGIONAL TRANSPORTATION PLAN: INITIAL REVENUE CONSTRAINED/SUSTAINABLE COMMUNITY STRATEGY SCENARIOS

Introduction

During the past few months, staff has presented the draft 2050 Regional Transportation Plan (RTP) Unconstrained Highway and Transit Networks to the Board of Directors, Policy Advisory Committees (PACs), various SANDAG working groups, and at other public meetings for input. The basis of the draft 2050 Unconstrained Transportation Network presented in this report includes the “hybrid” transit scenario from the Urban Area Transit Strategy, highway improvements to serve both people and goods, local streets and roads improvements, bicycle projects within the regional network, rail grade separations, and other management strategies. 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 initial Revenue Constrained transportation scenarios have been developed using prioritized project lists and other factors. The Revenue Constrained transportation scenarios will attempt to build and operate as much of the Unconstrained Network as possible, given revenue availability and flexibility, and project priorities.

Discussion

Draft Unconstrained Transportation Network

In developing the 2050 RTP, the Unconstrained Transportation Network represents the region’s vision for transit, highway, and arterial improvements and operations to meet travel demand in 2050. Defining the Unconstrained Transportation Network is an important step in developing an updated RTP because it establishes the broadest multimodal network from which revenue-constrained network scenarios will be developed. The 2050 Unconstrained Transit and Highway networks are included as Attachments 1 and 2, respectively.

The estimated cost of the draft Unconstrained Transportation Network totals approximately $135 billion to $140 billion through 2050. Costs will continue to be refined during the development of the 2050 RTP.

Revenue Projections, Flexible Funding, and Board Policy

An important step in preparing the 2050 RTP is to determine the likely revenues that will be available to develop Revenue Constrained scenarios. Initial revenue estimates indicate that approximately $100 billion to $110 billion would be available through 2050. The revenue forecasts
include projections of anticipated federal, state, local, and private funds from existing and reasonably available future sources. These revenues range from the locally generated TransNet half-cent sales tax to state and federal formula funds derived from fuel taxes. These revenue projections are based on current sources and levels of funding, with growth assumptions supported by historical trends.

The allowable uses for these funds are governed by a variety of mechanisms, including federal and state statutes, the TransNet ordinance, Board policy, or by other agencies including Caltrans and local agencies. In order to develop different revenue constrained scenarios for evaluation, staff proposes as an exercise to evaluate those funds that are governed at the discretion of the SANDAG Board and only require a simple majority of the Board to program. This assumption would allow for approximately $3 billion to $3.5 billion in flexible funding through 2050 (or about 3 percent of the total projected revenues). It should be noted, however, that the current use of these funds is primarily to support the implementation of the TransNet program of projects beyond the 50 percent matching funds goal included in the TransNet Extension Ordinance. Additional revenues would need to be identified over the course of the implementation of the TransNet program in order to complete the projects in the Ordinance.

**Initial Revenue Constrained Scenarios**

Over 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, initial revenue constrained transportation network scenarios with a range of modal emphases were developed using this prioritized project list and other factors. Before the Board is asked to select the preferred revenue constrained scenario, staff will analyze the initial revenue constrained scenarios for consistency with Title VI of the Civil Rights Act, as part of the evaluation that will be conducted, using the Board-approved performance measures.

Staff developed four initial revenue constrained transportation scenarios. Staff proposes that various levels of Transportation Demand Management (TDM)/Transportation System Management (TSM) programs and projects, Smart Growth Incentive Program funding, and Regional Bicycle Plan improvements be implemented in each of the scenarios. Additionally local street and road improvements are included in each scenario.

1. **Transit Emphasis Scenario** – This scenario would focus on expansion of the regional transit system given flexible funding availability.

2. **Rail/Freight Scenario** – This scenario would focus on expansion of the regional transit system with an emphasis on rail projects and also highway improvements to support freight given flexible funding availability.

3. **Highway Emphasis Scenario** – This scenario would focus on expansion of highway system improvements that provide systemwide congestion relief for people and freight given flexible funding availability.
4. **Fusion Scenario** – This scenario would focus on implementing projects and programs considering the preferred choices identified in the 2050 RTP telephone survey. These include: new public transit services (rail and bus), highway improvements (bottleneck relief and new lanes), and increased frequencies to existing transit routes.

Attachments 3 through 10 illustrate the highway and transit projects included in each of the initial scenarios. The draft project rankings are included as Attachments 11 to 16.

**Sustainable Community Strategy**

The Sustainable Communities Strategy (SCS) will be an integral part of the 2050 RTP. It will demonstrate how development patterns and the transportation network, policies, and programs can work together to achieve greenhouse gas (GHG) emission reduction targets for cars and light trucks, if there is a feasible way to do so. The SCS will be based upon the four building blocks that have served as the underpinning for transportation planning in the San Diego region for many years. Work has already been completed or is underway on each of the four building blocks as indicated below.

- **A land use pattern** that accommodates the region’s future employment and housing needs and protects sensitive habitat and resource areas – The 2050 Regional Growth Forecast and San Diego Regional Multiple Species/Habitat Conservation Plans will serve as the basis for the land use pattern. The Regional Housing Needs Assessment also will be an important part of the land use inputs.

- **A transportation network** of public transit, highways, local streets, bikeways, and sidewalks. The transportation network is currently being developed as described in the discussion of scenarios above.

- **Transportation Demand Management** such as carpool and telecommute programs – TDM measures also are being developed with the transportation network.

- **Transportation System Management** programs such as congestion pricing strategies and freeway ramp metering – TSM measures also are being developed with the transportation network.

**Scenario Performance**

In the coming months, SANDAG will be evaluating the various revenue constrained transportation scenarios based upon Board-approved plan performance measures, including GHG emissions.
**Next Steps**

Based on feedback from Working Groups, PACs, and the Board of Directors, staff will refine the revenue constrained scenarios and continue to evaluate their performance. Revised revenue constrained scenarios will be presented to Working Groups, PACs, and the Board of Directors in October.

CHARLES “MUGGS” STOLL  
Director of Land Use and Transportation Planning

Attachments:  
1. 2050 RTP Draft Unconstrained Transit Network  
2. 2050 RTP Draft Unconstrained Highway Network  
3. Draft 2050 RTP Transit Emphasis Transit Network  
4. Draft 2050 RTP Transit Emphasis Highway Network  
5. Draft 2050 RTP Rail/Freight Emphasis Transit Network  
6. Draft 2050 RTP Rail/Freight Emphasis Highway Network  
7. Draft 2050 RTP Highway Emphasis Transit Network  
8. Draft 2050 RTP Highway Emphasis Highway Network  
9. Draft 2050 RTP Fusion Transit Network  
10. Draft 2050 RTP Fusion Highway Network  
11. Draft Highway Project Rankings  
12. Draft Transit Services Rankings  
13. Draft Freeway Connector Rankings  
14. Draft High Occupancy Vehicle Connector Rankings  
15. Draft Goods Movement Project Rankings  
16. Draft Rail Grade Separation Rankings

Key Staff Contact: Heather Werdick, (619) 699-6967, hwe@sandag.org
Draft 2050 RTP
Transit Emphasis
Highway Network
September 2010

C = Conventional Highway
E = Expressway
F = Freeway
HOV = High Occupancy Vehicle
MB = Movable Barrier
ML = Managed Lanes
OPS = Operational Improvements
T = Toll Road
Draft 2050 RTP
Rail/Freight Emphasis
Highway Network
September 2010

Managed/HOV Lanes
General Purpose Lanes
Toll Lanes
Operational Improvements
Freeway Connectors
HOV Connectors
Freeway & HOV Connectors

C = Conventional Highway
E = Expressway
F = Freeway
HOV = High Occupancy Vehicle
MB = Movable Barrier
ML = Managed Lanes
OPS = Operational Improvements
T = Toll Road

SANDAG
Draft 2050 RTP Fusion Transit Network

Legend
- 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

9/10/2010
## 2050 Regional Transportation Plan
### Draft Highway Corridor Evaluation Ranking (Ranked Order)

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<th>To</th>
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# 2050 Regional Transportation Plan
## Draft Transit Evaluation Ranking

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## 2050 Regional Transportation Plan
### Draft Transit Evaluation Ranking

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## 2050 Regional Transportation Plan
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### 2050 Regional Transportation Plan

#### Draft HOV Connector Evaluation Ranking

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## Draft List of Prioritized Projects for the 2050 San Diego Regional Goods Movement Strategy – Summary of Rankings by Mode

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<th>Project ID</th>
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<th>Estimated Cost (millions)</th>
<th>Out of 100</th>
<th>Rank</th>
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## Draft List of Prioritized Projects for the 2050 San Diego Regional Goods Movement Strategy – Summary of Rankings by Mode

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<th>Project ID</th>
<th>System/Project</th>
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### AIR CARGO

#### PROJECTS OF INTEREST

**PIPELINE**
- z  I-15 Access to Kinder Morgan (KM) MV Terminal
- aa KM, New Miramar Junction/Terminal/Tanks
- bb KM Expand to 16 Pipe/Extend to Mexico

**BORDER/LOCAL ROAD OR TOLL PROJECTS**
- cc Otay Mesa East Port of Entry and SR 11 (toll)
- dd Otay Mesa Southbound Truck Route Improvements

**MEXICAN FREIGHT PROJECTS**
- ee Mesa de Otay II Port of Entry and Related Roads
- ff Tijuana Intermodal Terminal/Distribution Center
- gg Ensenada Port Expansion
- hh Punta Colonet Port/Rail Plan
- ii Mex Rail Yard Bicentennial Multi-modal Center in Tijuana
- jj Tijuana-Tecate Rail Line

1. Tenth Avenue Marine Terminal
2. National City Marine Terminal
3. Los Angeles-San Diego Rail Corridor
4. San Diego International Airport
## DRAFT RAIL GRADE CROSSING EVALUATION SUMMARY

Points based on Rail Grade Separation Evaluation Criteria approved by the SANDAG Transportation Committee on October 16, 2009

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<th>At Grade Crossing Location</th>
<th>Rank</th>
<th>Veh. per Day ADT</th>
<th>Trains per Day</th>
<th>Accidents</th>
<th>Total Points</th>
<th>Estimated Cost to Grade Separate (2010) (mil)</th>
<th>Assumptions</th>
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Total: $3,790

Shaded cells indicate that the cost to grade separate is also included in the total cost of other projects in the RTP

* included in the Coaster double track project

** included in the Sprinter double track project
Introduction

Since 1993, the State of California has authorized the study of an intercity, high-speed train (HST) system that will connect the state's metropolitan areas, including San Diego. The California High-Speed Rail Authority (CHSRA) is the statewide agency charged with the planning and construction of this system. SANDAG and corridor planning agencies continue to work cooperatively with the CHSRA to advance San Diego’s HST corridor.

The passage of Proposition 1A in November 2008 resulted in $9 billion in bond funds for the entire statewide network. While the CHSRA has set the initial Phase 1 from Anaheim to San Francisco, work is continuing on all sections including San Diego’s. In February, the Federal Railroad Administration announced $2.25 billion in federal stimulus grants will be awarded to the CHSRA for its Phase 1 corridors. None of these grants will be used on the Los Angeles to San Diego via Inland Empire section. In May 2010, the CHSRA submitted a request for $16.6 million federal rail planning funds for the three Phase 2 corridors, with the San Diego section scheduled to receive the largest share. Award announcements are still pending.

The Los Angeles to San Diego via Inland Empire HST section is 160 miles long, and traverses four counties and more than 100 local jurisdictions (Attachment 1). Currently, this section is in the Alternatives Analysis phase of the project-level Environmental Impact Report/Environmental Impact Statement. A Preliminary Alternatives Analysis report was scheduled for release by the CHSRA for public comment in early October, however due to concern by cities in the San Gabriel Valley area of Los Angeles, this release has been postponed indefinitely by the CHSRA.

Attachment 2 shows the alternatives currently under study for the San Diego portion, which could be at-grade, aerial, or tunnel. From the Airport Intermodal Transit Center (ITC) proposed station location, alignment options share the existing rail corridor north to the Old Town area. Alignment alternatives then split and either continue along the existing rail corridor and future Mid-Coast light rail corridor to University City or State Route 56 (SR 56), or head east from Old Town along Interstate 8 (I-8) where alternatives either continue north along SR 163 or I-15. Particular attention is being given to both the section between the ITC and University City as this alignment is already very constrained, and the I-15, also very constrained once the Managed Lanes project is completed.

The CHSRA is coordinating efforts with SANDAG’s Mid-Coast team to ensure that HST alignments and design options do not impact the light rail alignment. This is one factor in the evaluation of these alignment alternatives.
Discussion

SOCAL ICG

The Southern California Association of Governments (SCAG), San Diego County Regional Airport Authority (SDCRAA), Riverside County Transportation Commission (RCTC), and San Bernardino Associated Governments (SANBAG), in addition to SANDAG and the CHSRA, have approved a Memorandum of Understanding to formalize this cooperative working relationship to advance the Los Angeles to San Diego via Inland Empire HST Corridor. The Los Angeles County Metropolitan Transportation Authority is a participating agency. Together, these agencies make up the SoCal ICG and are guiding the project-specific environmental effort over the next three years.

The San Diego County Technical Working Group (TWG), including staff from the corridor jurisdictions, Caltrans, Metropolitan Transit System, and North County Transit District, meet periodically to review the draft alignments and design options. Similar groups meet in Los Angeles, San Bernardino, and Riverside Counties.

Los Angeles to San Diego via Inland Empire HST Section and Upcoming Activities

Attachments 1 and 2 show the proposed HST alignments, design options, and station locations currently under study, including alignments from the final programmatic environmental document certified in 2005, preliminary options proposed by regional agencies and stakeholders in 2009, alternatives requested through the formal project scoping period last fall, and TWG comments.

Work during the next quarter will focus on:

- Continuing the technical studies along the corridor, including San Diego sections.
- Working with the CHSRA to release the Preliminary Alternatives Analysis document for public comment.

Related Planning Work

The same consultant team that is working on the main HST section also is assisting SANDAG on the Airport Multimodal Accessibility Plan (AMAP), required by Senate Bill 10 (2007), to be completed in FY 2011. The AMAP is to be conducted in cooperation with the SDCRAA and will address ground access improvements to airports that are under development through the SDCRAA’s Regional Aviation Strategic Plan (RASP). Major findings from the AMAP and RASP will be completed in FY 2011, in time for inclusion in the 2050 Regional Transportation Plan.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Attachments: 1. Los Angeles to San Diego via Inland Empire Section Alternative Alignments  
2. Alternative Alignments in San Diego County

Key Staff Contact: Linda Culp, (619) 699-6957, lcu@sandag.org
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 of California 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 Regional Transportation Plan (RTP). SANDAG prepared the 2010-2014 Plan with an emphasis on documenting the transportation needs in the rural areas of San Diego County.

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.

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 update of the Coordinated Plan is the addition of information on rural transportation services and needs. Over 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 (age, income, disability, etc.), SANDAG was able to calculate 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 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 for San Diego County.

**Implementation and Funding Distribution**

The approval of the Coordinated Plan will enable the continued 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 distribution of local funding for projects targeted at improving specialized transportation for seniors (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**

A public comment period will be held between September 17 and October 14, 2010, culminating in a public hearing scheduled for the October 15, 2010, Transportation Committee meeting. The final plan will be considered by the Board of Directors at its October 22, 2010, meeting and, if approved, will be submitted to the state and federal departments of transportation. Printed copies of the draft Coordinated Plan (including a CD of the Technical Appendix) will be available at the Transportation Committee meeting and also available on the SANDAG Web site at: www.sandag.org/coordinatedplan.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Attachment: 1. Draft 2010-2014 Coordinated Plan, September 2010

Key Staff Contact: Philip Trom, (619) 699-7330, ptr@sandag.org
Attachment 1

Draft 2010-2014 Coordinated Plan
September 2010

(Printed copies of the draft Coordinated Plan (including a CD of the Technical Appendix) will be available at the Transportation Committee meeting and also available on the SANDAG Web site at www.sandag.org/coordinatedplan.)
San Diego Association of Governments

TRANSPORTATION COMMITTEE

September 17, 2010

AGENDA ITEM NO.: 8

Action Requested: RECOMMEND

PROPOSED BUDGET AMENDMENT: INLAND RAIL TRAIL
FINAL FUNDING PLAN ADJUSTMENT

File Number 1115200

Introduction

The North County Transit District (NCTD) has completed a final accounting of the Inland Rail Trail (IRT) expenses. An increase of $883,100 to the funding plan is required. This report summarizes the final cost for the project and the proposed option to address the increase.

Discussion

The IRT project was awarded for construction as a fully integrated element of the SPRINTER mainline contract. Prior to the start of work, NCTD calculated the share of both the hard and soft costs that would be assigned to the IRT. The hard costs include work such as retaining walls and drainage that would not have been needed but for the IRT construction. The soft costs include such things as construction management and insurance; these were calculated as a percentage of the overall work.

Upon completion of all construction, NCTD determined the final cost of the SPRINTER project. The hard and soft costs assigned to the IRT were then calculated. SANDAG staff assisted in this effort and concurs with the methodology used and the final calculations.

The IRT project consists of two phases. Phase 1 constructed a Class 1 Bikeway (completely separate right-of-way) extending 6.1 miles from the Escondido Transit Center to Pacific Street in the City of San Marcos. Phase 1 work included paving, lighting, landscaping, and irrigation. Phase 2 partially constructed 8.8 miles of the future extension from Pacific Street in San Marcos to College Boulevard in the City of Oceanside. Phase 2 work included selected grading, drainage, and retaining walls. Constructing the Phase 2 improvements concurrently with the SPRINTER project saved staging and other inefficiencies that would have occurred if the IRT improvements were built after the start of revenue service for the SPRINTER. Design is underway by both the City of San Marcos and the City of Vista for future completion of Phase 2.

Phase 1 and portions of Phase 2 of the IRT were built as part of the SPRINTER construction project. NCTD has completed a final accounting of all IRT expenses and determined the final cost of the project is $26.045 million. The current approved budget is $25.162 million, leaving a shortfall of $883,100. SANDAG staff concurs with the methodology used to determine the final cost. This increase is not a result of additional scope; instead, it is due to the final quantities of work that

Recommendation

The Transportation Committee is asked to recommend 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 North County Transit District.
were not calculated for the SPRINTER, and subsequently the IRT, until recently. The increase also includes payment for the IRT’s share of the claim settlements and a credit for the IRT’s share of the SPRINTER’s settlement with the project designer.

**Funding Plan Revision**

The Board previously approved an exchange of $1,166,000 in federal funds programmed on the Coastal Rail Trail with TransNet funds programmed on the LOSSAN corridor. This exchange was done in order to preserve the federal funds that were in danger of lapsing. In order to fund the $883,100 increase on the IRT, it is recommended that $883,100 of the $1,166,000 of TransNet funding be transferred to the IRT. It should be noted that sufficient funding will remain on the Coastal Rail Trail project to continue and finish preliminary engineering work on two sections of the project in the Cities of Carlsbad and San Diego. By using the funding capacity previously used on the Coastal Rail Trail, the cost increase on the IRT project will in effect be covered by the bike program. SANDAG staff presented the methodology to determine the final cost, as well as the proposal to fund the cost increase, to the SANDAG Bicycle-Pedestrian Working Group at its June 2010 meeting.

Supplementing the previously approved reprogramming action, staff’s proposal would allow the payment of the IRT cost increase with $883,100 in TransNet funds to NCTD via the funds previously exchanged. In accordance with the TransNet Extension Ordinance, Section 7, Cooperative Fund Agreements, the Commission (SANDAG Board of Directors) may exchange TransNet funds, for federal, state, or other funds, to maximize the effectiveness in the use of revenues. The replacement of TransNet funds in this case allowed previously programmed federal Regional Surface Transportation Program funds to be reprogrammed to a project and avoid the loss of obligational authority from the region.

Staff is scheduled to present this item to the Independent Taxpayer Oversight Committee (ITOC) at its September 8, 2010 meeting. Staff will report orally on comments provided by the ITOC.

LAUREN WARREM
Director of Finance

Key Staff Contact: José A. Nuncio, (619) 699-1908, jnu@sandag.org
**Introduction**

The Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor Agency seeks to increase ridership, revenue, capacity, reliability, and safety on the coastal rail line from San Diego to Los Angeles to San Luis Obispo. SANDAG has provided staff support to the LOSSAN Joint Powers Board and Technical Advisory Committee for several years. Administrative costs are partially offset by financial contributions from other LOSSAN member agencies.

Since December 2009, SANDAG and the other LOSSAN member agencies have approved an interagency Memorandum of Understanding (MOU) to work cooperatively to reach a new vision for the corridor. The MOU established several major tasks to be completed in order to attain this vision, including (1) completing a business case to justify proposed service improvements such as express intercity trains between Los Angeles and San Diego in terms of ridership and operational feasibility; (2) hiring a project manager to oversee this work; and (3) completion of a number of short-term, early action service improvements. Total budget for this work was established at approximately $1.1 million (including $683,290 from LOSSAN Members, existing budget, and $120,000 in in-kind technical analysis from Caltrans and the Orange County Transportation Authority [OCTA]). All LOSSAN member agencies have committed to funding a portion of this work. A funding allocation formula was agreed to by each agency based on the county shares of corridor ridership:

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* Includes share for SANDAG, NCTD, and MTS

**Recommendation**

The Transportation Committee is asked to recommend that the Board of Directors: (1) approve the FY 2011 budget amendment to accept member agency funds of $396,689 for OWP #3400600; and (2) authorize the Executive Director to execute grant agreements and all documents necessary to accept $200,000 in ARRA planning funds and further amend OWP #3400600 once these funds are available (Attachment 1).
The Transportation Committee is asked to recommend that the Board of Directors approve the FY 2011 budget amendment to accept additional member agency funds of $396,689 for OWP #3400600 (Attachment 1). SANDAG and Caltrans commitments are currently included in the FY 2011 Board approved budget.

In August 2009, Caltrans submitted a planning grant application on behalf of SANDAG to the Federal Railroad Administration (FRA) for consideration for a share of $90 million in rail planning grants available nationwide through the American Recovery and Reinvestment Act of 2009 (ARRA). (Under ARRA guidelines, only states and Amtrak were eligible to apply for these funds). FRA announced in February 2010 an award of $200,000 for this project to Caltrans and SANDAG, as the project subgrantee. Caltrans expects FRA to award these funds this fall. The Transportation Committee is also asked to recommend that the Board of Directors authorize the Executive Director to execute grant agreements and all documents necessary to accept $200,000 in ARRA planning funds and further amend OWP #3400600 once these funds are available (Attachment 1).

Discussion

LOSSAN Corridor Strategic Vision

The LOSSAN Board of Directors has developed the following Strategic Vision for the corridor:

- Collectively provide the infrastructure to allow more peak period trains, faster through-express trains and additional service improvements that meet current and future conventional and high-speed intercity, commuter, and freight demands both north and south of Los Angeles Union Station.

- Integrate regional fare policy and develop common fare media that are based in part on early implementation lessons in the corridor as appropriate (electronic revenue collection).

- Integrate and/or coordinate operations and develop efficient operating schedules and dispatching for corridor services.

- Implement a strategy for seamless rail travel in the corridor.

- Collaborate to identify and establish new services for underserved markets.

- Integrate and improve traveler information.

- Coordinate with long-distance passenger rail and motorcoach services.

In addition, the LOSSAN Board identified these short-term, early action improvements to be completed as part of this work plan:

- Implement service modifications of both COASTER and Metrolink service with a goal of serving under served markets.

- Implement a program similar to the Rail 2 Rail Program to include COASTER, Metrolink, and Amtrak under one unified program.

- Implement a limited stop express service between San Diego, Orange County and Los Angeles with continuing service to Ventura, Santa Barbara, and San Luis Obispo.
• Develop a joint timetable.

• Implementation of remaining tasks from the LOSSAN Corridor Quick Improvements Study, July 2008. These include better on-train passenger information, better wayfinding signage to rail stations, joint ticketing, better airport connections, better Amtrak bus and commuter train service coordination, and more joint marketing.

• Revise Amtrak schedule to better serve the Ventura-Santa Barbara peak period market.

**LOSSAN Strategic Implementation Plan**

In order to achieve this corridorwide vision, LOSSAN members have developed a work plan that includes agency and stakeholder coordination and outreach, completion of the Business Case for service improvements, development of a prioritized capital improvement program, and completion of long-term strategies such as institutional changes and new service between Los Angeles and San Francisco. The early action improvements referenced above will be completed concurrently. On behalf of LOSSAN, SANDAG has contracted with HNTB Corporation to serve as project manager and will manage this contract. A limited notice to proceed has been issued to begin this work for the amount currently approved in the FY 2011 Budget.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Attachment: 1. 34006.02 LOSSAN Rail Corridor Planning

Key Staff Contact: Linda Culp, (619) 699-6957, lcu@sandag.org
OBJECTIVE

The objective of this work element is to coordinate planning and project development along the Los Angeles to San Diego to San Luis Obispo (LOSSAN) Rail Corridor. SANDAG is the lead coordinating agency, with all agencies along the corridor contributing funding to this effort to reimburse SANDAG administrative costs. SANDAG will staff the LOSSAN Technical Advisory Committee (TAC) and Board of Directors. The emphasis in FY 2011 will be to assist oversee the LOSSAN project manager to complete the LOSSAN Corridorwide Strategic Implementation Plan, a plan of short-term and long-term strategies to better integrate the corridor's three passenger rail services.

PREVIOUS ACCOMPLISHMENTS

SANDAG has been the lead agency for the LOSSAN rail corridor agency for several years, providing staff support toward the multiagency agreement to increase service and capacity in the rail corridor.

JUSTIFICATION

SANDAG is one member agency of the LOSSAN Rail Corridor Agency, which advocates for improvements to the coastal rail corridor and will benefit all San Diego rail services, including Amtrak intercity, COASTER and Metrolink commuter, and goods movement. One goal in the 2030 Regional Transportation Plan is a double tracked coastal rail corridor in order to add additional passenger and freight rail services and enhance regional mobility. SANDAG also provides staff support to LOSSAN, offset through financial contributions from the other member agencies.

PROJECT MANAGER: Linda Culp, Land Use / Transportation Planning Department
COMMITTEE(S): Transportation Committee
WORKING GROUPS(S): Los Angeles-San Diego-San Luis Obispo Joint Powers Board, LOSSAN Technical Advisory Committee
WORK ELEMENT: 34006.2 LOSSAN Rail Corridor Planning

PRODUCTS, TASKS, AND SCHEDULES

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<th>Task Description / Product / Schedule</th>
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<td>Provide staff support to LOSSAN Board of Directors and TAC. Monthly reports and agendas</td>
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<tr>
<td>2</td>
<td>60</td>
<td>Complete the business case components of the LOSSAN Corridorwide Strategic Implementation Plan. Early action improvements implementation, and reports, and public and stakeholder outreach</td>
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FUTURE ACTIVITIES

Future activities include continued participation as a member of the LOSSAN Board of Directors and TAC and provide staff support.

Explanatory Note: An amendment to this project is being requested (Board of Directors 9/24/10) to accept ARRA funding and additional contributions from LOSSAN member agencies to complete the Corridorwide Strategic Implementation Plan.
TransNet PROPOSED 2010 BOND ISSUANCE: REVIEW OF DRAFT DOCUMENTS

Introduction

In December 2005, the Board of Directors approved a financial strategy for implementing the TransNet Early Action Program (EAP) of projects and for fulfilling ongoing commitments for the existing TransNet program. The financial strategy previously approved by the Board 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.

On July 23, 2010, the Board approved the 2010 TransNet Plan of Finance update, including the “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. 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. An integral part of the approved Plan of Finance is a proposed 2010 bond financing of approximately $350 million to meet the near-term cash flow needs. This report provides an update on the preparations for the transaction and an opportunity to review the preliminary draft bond documents.

Discussion

The Robust Plan of Finance scenario approved by the Board 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. Considering the existing $600 million of variable rate demand bonds (VRDBs) issued by SANDAG in 2008, the proposed transaction would allow for further diversification through the use of a fixed-rate strategy, assessing current market conditions, and proactively refining the issuance procedures and instruments to position SANDAG to take advantage of its credit strengths.

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?

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

3. Call Options: Should SANDAG retain the right to call the bonds early at par, or allow investors to hold the bonds to maturity with an option to call the bonds early at a premium?

4. Debt Service Reserve Fund: How much, if any, should be placed in the debt service reserve fund?
Attachment 1 contains a memorandum from the SANDAG financial advisors, Public Financial Management, which provides information relating to these structuring considerations as well as recommendations. The pros and cons of each of these structuring considerations will be discussed with the Transportation Committee at its September 17 meeting. The Independent Taxpayer Oversight Committee received a verbal report on the proposed bond issue at its September 8, 2010, meeting, including a discussion of the structuring considerations.

In addition to the financial strategy discussed in this report and in more detail in Attachment 1, this report includes the preliminary draft bond documents (Attachments 2-7) for review and information, along with a “catalog of blanks” (Attachment 8) detailing when the missing information will be filled in and the responsible party.

Next Steps

Following is the proposed schedule:

- September 20 - SANDAG representatives and the financial team will be meeting with credit rating agencies (Moody’s Investor Service and Standard & Poor’s)
- September 24 Board of Directors - review of preliminary draft bond documents
- October 6 - Anticipated notification of credit ratings
- October 13 Independent Taxpayer Oversight Committee - final update on status of bond issue
- October 15 Transportation Committee - final review of bond documents; recommend approval to Board of Directors
- October 22 Board of Directors - final review and approval of bond documents
- November 10 - anticipated earliest closing date

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.

LAUREN WARREM
Director of Finance

   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. Catalog of Blanks

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

![Projected TransNet Debt Service (2010-2048)](image)

**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 $360,000,000 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 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 sixty million dollars ($360,000,000), 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 as permitted by the Law and 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 and a reserve for such bonds, 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 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”),

- 2 -

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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 $360,000,000 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 as permitted by the Law and 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 and a reserve fund for the Series 2010 Bonds, 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 eight percent (8.0%) per annum as to taxable fixed rate bonds, including Build America Bonds, not to exceed six percent (6.0%) per annum as to tax-exempt fixed rate bonds, not to exceed six percent (6.0%) per annum true interest cost net of any Subsidy Payments expected to be paid to the Commission or its agent with respect to any series of Series 2010 Bonds designated as Build America Bonds, and not to exceed eight percent (8.0%) per annum true interest cost without netting with respect to any series of Series 2010 Bonds designated as Build America Bonds 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 $360,000,000 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 and directed to negotiate with financial institutions and/or insurance companies, as applicable, and, if the Executive Director of the Commission, with the advice of the Commission’s Financial Advisor, determines that it is in the best interest of the Commission, to secure an irrevocable letter of credit, or a surety bond, or an insurance policy on such terms as the Executive Director of the Commission determines are appropriate, in order to fund each bond reserve fund established pursuant to the Indenture or the Third Supplemental Indenture.

Section 8. 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 9. 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 10. 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 11.  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 12.  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 13. 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
PRELIMINARY OFFICIAL STATEMENT DATED ____, 2010

NEW ISSUE—BOOK ENTRY ONLY

RATINGS:

Moody's: "______"  
Standard & Poor's: "______"  
(See “RATINGS”)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, 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”) and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, the Interest Portion is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earning in calculating corporate alternative minimum taxable income. Bond Counsel is of the opinion 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 the federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2010 Series A Bonds and the 2010 Series B Bonds. See “TAX MATTERS” herein.

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

$______
$______
TAXABLE BUILD  TAX-EXEMPT BONDS
AMERICA BONDS  2010 Series B
2010 Series A

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 ____, 2010 (the “Third Supplemental Indenture”), collectively “the Indenture”), between the Commission and U.S. Bank National Association, as trustee.

The 2010 Series B 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 2010 Series 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, (ii) [fund a deposit to the reserve fund securing the Series 2010 Bonds, and (iii)] 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.

Series 2010 Bonds are subject to mandatory sinking fund redemption by the Commission prior to maturity as described in this Official Statement. 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 ____, 2010.

BARCLAYS CAPITAL
E. J. DE LA ROSA & CO., INC.  GOLDMAN, SACHS & CO.
RBC CAPITAL MARKETS INC.  SIEBERT BRANDFORD SHANK & CO., LLC

Dated: ____, 2010

*Preliminary, subject to change.
SUMMARY OF OFFERING

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

$___________*

MATURITY SCHEDULE FOR THE 2010 SERIES A BONDS

<table>
<thead>
<tr>
<th>Maturity (October 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP†</th>
</tr>
</thead>
</table>

$___________*

MATURITY SCHEDULE FOR THE 2010 SERIES B BONDS

<table>
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<tr>
<th>Maturity (October 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP†</th>
</tr>
</thead>
</table>

$___________ _.__% Term Bonds Due April 1, 20__ Price* – _.__% CUSIP†

* Reoffering prices and yields have been provided by the respective Underwriters. See “UNDERWRITING” herein.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 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
May 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. SPRINT:
   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
    SR 905
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(A) Hon. Sherri Lightner, Councilmember
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(A) Hon. Marti Emerald, Councilmember
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Southwest Division Naval Facilities Engineering Command
(A) CAPT James M. Wink, USN, CEC,
Southwest Division Naval Facilities Engineering Command

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(A) Gary Croucher, Director

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Hon. Martha E. Rosas, Deputy Consul General of Mexico

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Hon. Allen Lawson, San Pasqual Band of Diegueno Indians
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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
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION AND PURPOSE OF THE SERIES 2010 BONDS</td>
<td>1</td>
</tr>
<tr>
<td>DESCRIPTION OF THE SERIES 2010 BONDS</td>
<td>3</td>
</tr>
<tr>
<td>General</td>
<td>3</td>
</tr>
<tr>
<td>Redemption Terms of the Series 2010 Bonds [Optional Redemption premium methodology to be determined]</td>
<td>3</td>
</tr>
<tr>
<td>General Redemption Provisions</td>
<td>5</td>
</tr>
<tr>
<td>DEBT SERVICE SCHEDULE</td>
<td>7</td>
</tr>
<tr>
<td>SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS</td>
<td>8</td>
</tr>
<tr>
<td>Pledge of Sales Tax Revenues</td>
<td>8</td>
</tr>
<tr>
<td>Revenue Fund; Allocation of Sales Tax Revenues</td>
<td>8</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>10</td>
</tr>
<tr>
<td>Outstanding Sales Tax Bonds</td>
<td>11</td>
</tr>
<tr>
<td>Additional Bonds and Parity Obligations</td>
<td>11</td>
</tr>
<tr>
<td>Subordinate Obligations</td>
<td>14</td>
</tr>
<tr>
<td>SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION</td>
<td>15</td>
</tr>
<tr>
<td>General</td>
<td>15</td>
</tr>
<tr>
<td>Executive Staff</td>
<td>16</td>
</tr>
<tr>
<td>THE SALES TAX</td>
<td>17</td>
</tr>
<tr>
<td>Authorization, Application and Collection of the Sales Tax</td>
<td>17</td>
</tr>
<tr>
<td>Historical Taxable Sales</td>
<td>18</td>
</tr>
<tr>
<td>Historical Sales Tax Revenues</td>
<td>18</td>
</tr>
<tr>
<td>SUMMARY OF FINANCING PLAN</td>
<td>20</td>
</tr>
<tr>
<td>Estimated Sources and Uses of Funds</td>
<td>20</td>
</tr>
<tr>
<td>Anticipated Issuances of Additional Bonds</td>
<td>20</td>
</tr>
<tr>
<td>COMMISSION INVESTMENT PORTFOLIO</td>
<td>21</td>
</tr>
<tr>
<td>RISK FACTORS</td>
<td>22</td>
</tr>
<tr>
<td>Economy of the County and the State</td>
<td>22</td>
</tr>
<tr>
<td>The Sales Tax</td>
<td>23</td>
</tr>
<tr>
<td>Proposition 218</td>
<td>23</td>
</tr>
<tr>
<td>Further Initiatives</td>
<td>23</td>
</tr>
<tr>
<td>No Acceleration Provision</td>
<td>23</td>
</tr>
<tr>
<td>Loss of Tax Exemption</td>
<td>23</td>
</tr>
<tr>
<td>Risks Relating to Build America Bonds</td>
<td>24</td>
</tr>
<tr>
<td>ABSENCE OF MATERIAL LITIGATION</td>
<td>24</td>
</tr>
<tr>
<td>TAX MATTERS</td>
<td>24</td>
</tr>
<tr>
<td>LEGAL MATTERS</td>
<td>26</td>
</tr>
<tr>
<td>RATINGS</td>
<td>26</td>
</tr>
<tr>
<td>UNDERWRITING</td>
<td>27</td>
</tr>
<tr>
<td>FINANCIAL ADVISOR</td>
<td>27</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS</td>
<td>27</td>
</tr>
<tr>
<td>Appendix</td>
<td>Description</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>A</td>
<td>San Diego County Regional Transportation Commission Audited Financial Statements for Fiscal Year Ended June 30, 2009</td>
</tr>
<tr>
<td>B</td>
<td>Information Regarding the County of San Diego</td>
</tr>
<tr>
<td>C</td>
<td>Definitions and Summary of Certain Provisions of the Indenture</td>
</tr>
<tr>
<td>D</td>
<td>Book-Entry Only System</td>
</tr>
<tr>
<td>E</td>
<td>Proposed Form of Opinion of Bond Counsel</td>
</tr>
</tbody>
</table>
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) and 2010 Series B (Tax-Exempt 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 the 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 _______1, 2010 (the “Third Supplemental Indenture”), 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
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 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, 2010, were outstanding in the aggregate principal amount of $47,316,000.

In March, 2008, the Commission issued variable rate bonds in the aggregate principal amount of $600,000,000 (the “Series 2008 Bonds”). The Series 2008 Bonds consisted of four series, each in the aggregate principal amount of $150,000,000 (each, the “2008 Series A Bonds,” the “2008 Series B Bonds,” the “2008 Series C Bonds” and the “2008 Series D Bonds,” respectively). 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 Series 2008 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, (ii) [fund a deposit to the reserve fund securing the Series 2010 Bonds, and (iii)] 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 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”).

24
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 2010 Series B 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 thereof. The Commission will pay interest on the Series 2010 Bonds on April 1 and October 1 of each year, commencing on April 1, 2011.

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>Redemption Date</td>
</tr>
<tr>
<td>(April 1)</td>
</tr>
</tbody>
</table>

† Final Maturity

**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>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption Date</td>
</tr>
<tr>
<td>(April 1)</td>
</tr>
</tbody>
</table>
General Redemption Provisions

Selection of Bonds for Redemption. If less than all of the 2010 Series A Bonds are to be redeemed pursuant to the Trust Agreement, the principal of all such 2010 Series A Bonds shall be subject to 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.

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 2008 Bonds</td>
<td>Series 2010 Bonds</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2008</td>
<td>2010</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 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. Upon the issuance of the Series 2010
Bonds, a portion of the proceeds of the Series 2010 Bonds in the amount of $________ will be deposited
into the 2008 Bonds Reserve Fund.

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 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. Subsequent to the issuance of the Series 2010 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 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. 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 Credit Local has notified the Commission that it will not extend the Dexia 2008 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, the Commission’s obligation to make regularly scheduled payments under the Subordinate Swap Agreement, and the Commission’s obligation to begin making regularly scheduled payments under the Basis Rate Swap Overlays. Under the terms of the Basis Rate Swap Overlays, the Commission may terminate the agreement and cash settle with prior written notice. 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 initial Remarketing Agent for the 2008 Series A Bonds was Lehman Brothers Inc., and is currently Barclays Capital Inc., for the 2008 Series B Bonds the Remarketing Agent is Goldman, Sachs & Co., and for the 2008 Series C Bonds the Remarketing Agent is J.P. Morgan Securities Inc. The initial Remarketing Agent for the 2008 Series D Bonds was UBS Securities LLC, and is currently E. J. De La Rosa & Co., Inc. (each a “Remarketing Agent” and collectively the “Remarketing Agents”). The Commission entered into a Remarketing Agreement covering each Series of the Series 2008 Bonds with the Remarketing Agent for such.
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 legislature 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 (“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>(3.5)</td>
</tr>
<tr>
<td>1991</td>
<td>109,806,529</td>
<td>(3.4)</td>
</tr>
<tr>
<td>1992</td>
<td>106,105,958</td>
<td>5.4</td>
</tr>
<tr>
<td>1993</td>
<td>111,783,116</td>
<td>(0.3)(^{(2)})</td>
</tr>
<tr>
<td>1994</td>
<td>111,461,846</td>
<td>2.5</td>
</tr>
<tr>
<td>1995</td>
<td>114,303,387</td>
<td>8.1</td>
</tr>
<tr>
<td>1996</td>
<td>123,511,934</td>
<td>6.5</td>
</tr>
<tr>
<td>1997</td>
<td>131,592,528</td>
<td>10.8</td>
</tr>
<tr>
<td>1998</td>
<td>145,754,155</td>
<td>7.7</td>
</tr>
<tr>
<td>1999</td>
<td>156,909,677</td>
<td>9.8</td>
</tr>
<tr>
<td>2000</td>
<td>172,274,619</td>
<td>10.2</td>
</tr>
<tr>
<td>2001</td>
<td>189,795,888</td>
<td>1.6</td>
</tr>
<tr>
<td>2002</td>
<td>192,836,199</td>
<td>4.0</td>
</tr>
<tr>
<td>2003</td>
<td>200,600,386</td>
<td>6.3</td>
</tr>
<tr>
<td>2004</td>
<td>213,230,634</td>
<td>7.2</td>
</tr>
<tr>
<td>2005</td>
<td>228,562,785</td>
<td>6.5</td>
</tr>
<tr>
<td>2006</td>
<td>243,317,789</td>
<td>1.9</td>
</tr>
<tr>
<td>2007</td>
<td>247,924,304</td>
<td>(1.4)</td>
</tr>
<tr>
<td>2008</td>
<td>244,406,219</td>
<td>(9.2)</td>
</tr>
<tr>
<td>2009</td>
<td>221,991,360</td>
<td>(8.0)(^{(3)})</td>
</tr>
<tr>
<td>2010</td>
<td>204,191,747</td>
<td></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, 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 for the Fiscal Year ending June 30, 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 the Fiscal Year. 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 Fiscal Year 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 $________ outstanding Existing Notes. 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 Existing Notes, (ii) [fund a deposit to the reserve fund securing the Series 2010 Bonds, and (iii)] 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
Reserve Fund
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 Government Code Section 53600 et seq.). 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 258 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>36%</td>
<td>$176,295,998</td>
<td>$176,295,998</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>34,491,765</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>47</td>
<td>231,814,105</td>
<td>229,167,323</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td><strong>100%</strong></td>
<td><strong>$491,895,472</strong></td>
<td><strong>$489,329,718</strong></td>
</tr>
</tbody>
</table>

Source: The Commission. Total amounts may not add due to rounding.

**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.
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 refundable credits. 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 refundable credits 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 refundable credits, under the terms of the Indenture the Commission has pledged Annual 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 prepayment 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. If the Commission is obligated to issue refunding obligations in order to prepay 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”) and is exempt from State of California personal income taxes. 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 or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

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. As one example, on November 5, 2007, the United States Supreme Court heard an appeal in the case of Kentucky v. Davis, in which a Kentucky state court had ruled that the United States Constitution prohibited the state from providing a tax exemption for interest on bonds issued by Kentucky and its political subdivisions but taxing interest on obligations issued by other states and their political subdivisions. California law is similar to Kentucky in taxing interest on out-of-state bonds. A ruling by the Supreme Court against the Kentucky law would not change the exemption from California personal income taxes of the interest on the 2010 Series B Bonds, but the value of the 2010 Series B Bonds may be adversely affected by changes in the demand for California-origin bonds. There can be no assurance as to the outcome of the Davis case, the potential impact on market price or marketability of the 2010 Series B Bonds which may result from a decision, or the likelihood of any future action by Congress on this subject. 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.

Bond Counsel is of the further opinion, 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 A Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and is not exempt from State of California personal income taxes.

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.

Bond Counsel’s engagement with respect to the Series 2010 Bonds ends with the issuance of the Series 2010 Bonds and unless separately engaged, 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.

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 “____” and “____,” respectively.

The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: 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 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.

### POPULATION(1)
(\text{In Thousands})

<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(2)</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>
</tr>
<tr>
<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>
</tr>
<tr>
<td>1998</td>
<td>2,703</td>
<td>1.88</td>
<td>32,657</td>
<td>1.40</td>
<td>270,248</td>
<td>0.90</td>
</tr>
<tr>
<td>1999</td>
<td>2,751</td>
<td>1.78</td>
<td>33,140</td>
<td>1.48</td>
<td>272,691</td>
<td>0.90</td>
</tr>
<tr>
<td>2000</td>
<td>2,813</td>
<td>2.25</td>
<td>33,873</td>
<td>2.22</td>
<td>282,193</td>
<td>3.48</td>
</tr>
<tr>
<td>2001</td>
<td>2,864</td>
<td>1.81</td>
<td>34,441</td>
<td>1.91</td>
<td>285,107</td>
<td>1.03</td>
</tr>
<tr>
<td>2002</td>
<td>2,921</td>
<td>1.99</td>
<td>35,088</td>
<td>1.87</td>
<td>287,985</td>
<td>1.01</td>
</tr>
<tr>
<td>2003</td>
<td>2,972</td>
<td>1.74</td>
<td>35,691</td>
<td>1.71</td>
<td>290,850</td>
<td>0.99</td>
</tr>
<tr>
<td>2004</td>
<td>3,011</td>
<td>1.31</td>
<td>36,252</td>
<td>1.57</td>
<td>293,657</td>
<td>0.96</td>
</tr>
<tr>
<td>2005</td>
<td>3,038</td>
<td>0.90</td>
<td>36,743</td>
<td>1.35</td>
<td>296,410</td>
<td>0.94</td>
</tr>
<tr>
<td>2006</td>
<td>3,064</td>
<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>8.86</td>
</tr>
<tr>
<td>2010</td>
<td>3,224</td>
<td>1.2</td>
<td>38,648</td>
<td>1.0</td>
<td></td>
<td></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>County of San Diego</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>State of California</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>United States</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.

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

New Housing Units:
- Single Family: 4,753, 3,503, 2,347, 936, 1,381
- Multiple Family: 6,024, 3,942, 2,806, 742, 767
- Total: 10,777, 7,445, 5,153, 1,678, 2,148

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>$959,509</td>
<td>$2,205,568</td>
<td>$607,098</td>
</tr>
<tr>
<td>General Merchandise</td>
<td>5,406,091</td>
<td>5,519,621</td>
<td>2,272,949</td>
<td>5,305,252</td>
<td>984,301</td>
</tr>
<tr>
<td>Food Stores</td>
<td>1,858,152</td>
<td>1,928,274</td>
<td>881,871</td>
<td>1,866,466</td>
<td>483,600</td>
</tr>
<tr>
<td>Eating and Drinking Establishments</td>
<td>4,267,302</td>
<td>4,521,392</td>
<td>2,617,392</td>
<td>4,869,497</td>
<td>1,203,643</td>
</tr>
<tr>
<td>Home Furnishings/Appliances</td>
<td>1,566,046</td>
<td>1,511,389</td>
<td>655,097</td>
<td>1,590,329</td>
<td>477,453</td>
</tr>
<tr>
<td>Building Materials</td>
<td>3,376,009</td>
<td>3,331,161</td>
<td>1,099,559</td>
<td>2,183,006</td>
<td>485,295</td>
</tr>
<tr>
<td>Automotive</td>
<td>9,739,136</td>
<td>9,819,932</td>
<td>2,237,019</td>
<td>5,010,804</td>
<td>995,418</td>
</tr>
<tr>
<td>All Other Retail Stores</td>
<td>1,045,927</td>
<td>1,076,631</td>
<td>2,321,276</td>
<td>4,529,006</td>
<td>350,975</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>995,418</td>
</tr>
<tr>
<td>All Other Outlets</td>
<td>10,655,372</td>
<td>10,914,390</td>
<td>5,356,105</td>
<td>11,358,155</td>
<td>2,907,728</td>
</tr>
<tr>
<td>TOTAL ALL OUTLETS</td>
<td>$41,951,443</td>
<td>$42,908,858</td>
<td>$47,485,988</td>
<td>$45,329,136</td>
<td>$9,719,316</td>
</tr>
</tbody>
</table>

Source: California State Board of Equalization, Taxable Sales in California.
(1) Information available for Second Quarter of 2009 only.
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
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
THIRD SUPPLEMENTAL INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of __________ 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)
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Article</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>XIX</td>
<td>DEFINITIONS; AMENDMENT TO INDENTURE</td>
<td>2</td>
</tr>
<tr>
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<td>Section 19.01. Definitions; Amendments to Definitions</td>
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<tr>
<td></td>
<td>Section 19.02. Amendments to Indenture</td>
<td>7</td>
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<td>Section 19.03. Effectiveness of Amendments</td>
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<td>FINDINGS, DETERMINATIONS AND DIRECTIONS</td>
<td>8</td>
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<td>Section 20.03. Effect of Findings and Recital</td>
<td>9</td>
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<td>XXI</td>
<td>AUTHORIZATION OF 2010 BONDS</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Section 21.01. Principal Amount, Designation and Series</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Section 21.02. Purpose and Application of Proceeds</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Section 21.03. Form, Denomination, Numbers and Letters</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Section 21.04. Date, Maturities and Interest Rates</td>
<td>10</td>
</tr>
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<td>Section 21.05. Redemption of the 2010 Bonds</td>
<td>11</td>
</tr>
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<td>Section 21.06. Mandatory Redemption of 2010 Bonds From Mandatory Sinking</td>
<td>13</td>
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<tr>
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<td>Account Payments</td>
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<td>ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF</td>
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<td>Section 22.01. Funds and Accounts</td>
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<td>Section 22.02. 2010 Project Fund</td>
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<td>Section 22.03. 2010 Costs of Issuance Account</td>
<td>16</td>
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<td>Section 22.04. Designation of 2010 Bonds as 2008 Reserve Fund Eligible</td>
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</tr>
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<td>Bonds; Funding of the 2008 Bonds Reserve Requirement</td>
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<td>XXIII</td>
<td>MISCELLANEOUS</td>
<td>16</td>
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<td>Section 23.01. Continuing Disclosure</td>
<td>16</td>
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<td>Section 23.02. Severability</td>
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<td>Section 23.03. Parties Interested Herein</td>
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<td>Section 23.04. Headings Not Binding</td>
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<td>Section 23.05. Notice Addresses</td>
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<td>Section 23.06. Notices to Rating Agencies</td>
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<td>Section 23.07. Indenture to Remain in Effect</td>
<td>18</td>
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<td>Section</td>
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<tr>
<td>---------</td>
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<tr>
<td>23.08</td>
<td>Effective Date of Third Supplemental Indenture</td>
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<tr>
<td>23.09</td>
<td>Execution in Counterparts</td>
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<td>A-1</td>
<td>[FORM OF 2010 SERIES A/B BOND]</td>
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THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE, dated as of ______ 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 __________, 2010;

WHEREAS, pursuant to Section __ 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 XIX
DEFINITIONS; AMENDMENT TO INDENTURE

Section 19.01. 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 21.05(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 payment from the United States Treasury to the Commission with respect to the 2010 Series A Bonds, or 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, pursuant to Sections 54AA or 6431 of the Code of an amount equal to 35% of the interest due thereon on each interest payment date (the “Subsidy Payments”); 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 22.01(b).

“2010 Project Fund” means the 2010 Project Fund established pursuant to Section 22.01(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 XXI 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 XXI 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 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 held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or from Subsidy Payments.

(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 19.02. 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):

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
Section 19.03. Effectiveness of Amendments. The amendments to the Indenture contained in Section 19.01(c) and Section 19.02 shall become effective on _________, 2010, which date is at least 30 days after notice of the proposed amendments was given to the Holders of the 2008 Bonds and by which date the consents of each Credit Provider, the Series B Bank and each Counterparty have been received.

ARTICLE XX
FINDINGS, DETERMINATIONS AND DIRECTIONS

Section 20.01. 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 20.02. 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 20.03. 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 XXI
AUTHORIZATION OF 2010 BONDS

Section 21.01. Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture and 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 21.02. 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 [and to fund any required deposit to the 2008 Bonds Reserve Fund]. 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;

(e) [$___________ of the proceeds of the 2010 Bonds shall be deposited in the 2008 Bonds Reserve Fund in satisfaction of the 2008 Bonds Reserve Requirement;] 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 21.03. 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 21.04. 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 21.05(a) and the requirement of mandatory sinking fund redemption set forth in Section 21.06(a)) and shall bear interest at the following rates per annum:

<table>
<thead>
<tr>
<th>Maturity Date (April 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
</tr>
</tbody>
</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 21.05(b) and the requirement of mandatory sinking fund redemption set forth in Section 21.06(b)) and shall bear interest at the following rates per annum:

<table>
<thead>
<tr>
<th>Maturity Date (April 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</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 21.05. **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 2010 Series A 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.] [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 21.05(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 21.06(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 21.05(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 21.06(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 21.06. 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>Redemption Date</td>
</tr>
<tr>
<td>(April 1)</td>
</tr>
<tr>
<td>Mandatory Sinking</td>
</tr>
<tr>
<td>Account Payment</td>
</tr>
<tr>
<td>Redemption Date</td>
</tr>
<tr>
<td>(April 1)</td>
</tr>
<tr>
<td>Mandatory Sinking</td>
</tr>
<tr>
<td>Account Payment</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>Redemption Date</th>
<th>Mandatory Sinking Account Payment</th>
<th>Redemption Date</th>
<th>Mandatory Sinking Account Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(April 1)</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, 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.

ARTICLE XXII
ESTABLISHMENT OF FUNDS AND ACCOUNTS
AND APPLICATION THEREOF

Section 22.01. 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 22.02. 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, [to the 2008 Bonds Reserve Fund, to the extent of any deficiency therein,] and then to the Revenue Fund or, if so directed by the Commission, to the Rebate Fund.

Section 22.03. **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.

Section 22.04. [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 shall 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) shall be used and withdrawn by the Trustee solely as provided in Section 17.03 of the Indenture.]

**ARTICLE XXIII**

**MISCELLANEOUS**

Section 23.01. **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 23.02. 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 23.03. 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 23.04. 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 23.05. 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 23.06. 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 23.07. **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 23.08. **Effective Date of Third Supplemental Indenture.** This Third Supplemental Indenture shall take effect upon its execution and delivery.

Section 23.09. **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-1

[FORM OF 2010 SERIES A/B BOND]

No. R—__________ $___________

San Diego County Regional Transportation Commission
Sales Tax Revenue Bond
(Limited Tax Bond)
2010 Series ___

<table>
<thead>
<tr>
<th>INTEREST RATE</th>
<th>MATURITY</th>
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<td>____%</td>
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<td>__________, 2010</td>
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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
Indenture, dated as of _______ 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 [________] 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 [_______] 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>
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<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>
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<th>To the Rating Agencies:</th>
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<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>
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<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>
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</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 November __, 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)
# TABLE OF CONTENTS

## ARTICLE XIV
AMENDMENTS

| Section 14.01. | Definitions | Page | 3 |
| Section 14.02. | Additional Definition | | 3 |
| Section 14.03. | Amended Definition | | 3 |

## ARTICLE XV
MISCELLANEOUS

| Section 15.01. | Severability | Page | 4 |
| Section 15.02. | Parties Interested Herein | | 4 |
| Section 15.03. | Headings Not Binding | | 4 |
| Section 15.04. | Amended and Restated Indenture to Remain in Effect | | 4 |
| Section 15.05. | Effective Date of Second Supplemental Indenture | | 4 |
| Section 15.06. | Execution in Counterparts | | 4 |
| Section 15.07. | Request of the Commission | | 4 |
SECOND SUPPLEMENT TO THE
AMENDED AND RESTATED SUBORDINATE INDENTURE

This SECOND SUPPLEMENT TO THE AMENDED AND RESTATED SUBORDINATE INDENTURE, dated as of November __, 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 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 specifically to pay such interest by such fiduciary, and (iii) to the extent the Commission expects to make such payments from Subsidy Payments;

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 ________, 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 “______” from Moody’s Investors Service, “_______” 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)

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<th>Maturity (Year)</th>
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<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
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</tr>
</tbody>
</table>

2010 SERIES B (TAX-EXEMPT BONDS)

<table>
<thead>
<tr>
<th>Maturity (Year)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>20__</td>
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<td></td>
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</tr>
</tbody>
</table>
APPENDIX B

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 __ 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 ___
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated _____, 2010, is executed and delivered by the San Diego Regional Transportation Commission (the "Issuer") and U.S. Bank National Association, as trustee (the "Trustee") in connection with the issuance of $___________ San Diego 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 _____, 2010 (hereinafter collectively referred to as the "Indenture"), between the Issuer and the Trustee. Pursuant to Section 24.01 of the Indenture, the Issuer and the Trustee 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 Trustee 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 Trustee 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
deemed 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 Trustee 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 Trustee 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 Trustee to comply with this Disclosure Agreement shall be an action to compel performance.
The Issuer and the Trustee 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 REGIONAL
TRANSPORTATION COMMISSION

By: ______________________________
   Director of Finance

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ______________________________
   Authorized Officer

Receipt Acknowledged By:

DIGITAL ASSURANCE CERTIFICATION LLC,
as Dissemination Agent

By: ______________________________
   Authorized Signatory
Exhibit A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Diego Regional Transportation Commission

Name of Bond Issue: $ ______________ San Diego 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 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 ____ 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 Regional Transportation Commission
CATALOGUE OF OUTSTANDING (BLANK) ITEMS BY DOCUMENT

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

| RESOLUTION of SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION |
|---|---|---|---|
| Section/Page | Outstanding Items | Responsible Party | Expected Availability |
| Page 8 | Signatures, Votes and Seal | SANDAG | October 22 |
| Secretary’s Certificate/ Page 9 | Signatures and Date | SANDAG | Pre-Closing |

| PRELIMINARY OFFICIAL STATEMENT |
|---|---|---|---|
| Page | Outstanding Items | Responsible Parties | Expected Availability |
| Cover | Date of Preliminary Official Statement (x2) | Disclosure Counsel | Bond Pricing |
| Cover | Credit Ratings | Underwriter and Commission | Posting of POS |
| Cover | Par Amount of Bonds (combined; Series A and B) | Underwriter and Commission | Bond Pricing |
| Cover | Date of Third Supplemental Indenture | Bond Counsel | Bond Pricing |
| Cover | Date of Bonds Delivery | Bond Counsel | Bond Pricing |
| Cover | Bracketed Funding of Reserve Fund | Financial Advisor/ Underwriters/ Commission | Prior to Posting POS |
| Summary of Offering | Par Amount of Bonds (Series A and B) | Underwriter and Commission | Bond Pricing |
| Summary of Offering | Maturity Schedule/Term Bonds for Series A and Series B | Underwriters | Bond Pricing |
| 1 | Par Amount of Bonds (combined (x2); Series A and B) | Underwriter and Commission | Bond Pricing |
| 1 | Date of Third Supplemental Indenture | Bond Counsel | Bond Pricing |
| 2 | Bracketed Funding of Reserve Fund | Financial Advisor/ Underwriters/ Commission | Prior to Posting POS |
| 3 | Redemption Provision Dates – Series B | Underwriters | Bond Pricing |
| 3 | Extraordinary Redemption Make-Whole Discount Rate | Financial Advisor/ Underwriters | Prior to Posting POS |
| 4 | Redemption Provision Date – Series A | Underwriters | Bond Pricing |
# PRELIMINARY OFFICIAL STATEMENT

<table>
<thead>
<tr>
<th>Page</th>
<th>Outstanding Items</th>
<th>Responsible Parties</th>
<th>Expected Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Mandatory Sinking Account Payments – Series A</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>4</td>
<td>Mandatory Redemption Provision Dates – Series B</td>
<td>Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>5</td>
<td>Mandatory Sinking Account Payments – Series A</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>7</td>
<td>Debt Service Schedule</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>11</td>
<td>Reserve Fund Deposit Amount</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>19</td>
<td>Maximum Annual Debt Service Multiplier</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>20</td>
<td>Amount of Bonds for Existing Note Retirement</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>20</td>
<td>Bracketed Funding of Reserve Fund</td>
<td>Financial Advisor/Underwriters/Commission</td>
<td>Prior to Posting POS</td>
</tr>
<tr>
<td>20</td>
<td>Estimated Sources and Uses of Funds</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>26</td>
<td>Credit Ratings</td>
<td>Underwriter and Commission</td>
<td>Posting of POS</td>
</tr>
<tr>
<td>27</td>
<td>Purchase Price of Bonds (Series A)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>27</td>
<td>Underwriters’ Discount</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>27</td>
<td>Purchase Price of Bonds (Series B)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>27</td>
<td>Underwriters’ Discount</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>A-1</td>
<td>Audited Financial Statements</td>
<td>Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>C-1</td>
<td>Summary of Indenture Provisions</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>E-1</td>
<td>Form of Bond Counsel Opinion</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>Section / Page</td>
<td>Outstanding Items</td>
<td>Responsible Party</td>
<td>Expected Availability</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Cover Page</td>
<td>Date</td>
<td>Bond Counsel</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>Page 1</td>
<td>Date</td>
<td>Bond Counsel</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>Page 2</td>
<td>Notice Date</td>
<td>Bond Counsel</td>
<td>Upon distribution of notice to holders by SANDAG</td>
</tr>
<tr>
<td>Page 2</td>
<td>Liquidity Facility Section</td>
<td>Bond Counsel</td>
<td>When consents from Liquidity Providers have been obtained</td>
</tr>
<tr>
<td>19.01 / 3</td>
<td>First Interest Payment Date</td>
<td>Financial Advisor/ Underwriters</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>19.01 / 4</td>
<td>Finalize Make-Whole Premium Discount Rate</td>
<td>Financial Advisor/ Underwriters/ SANDAG</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>19.03 / 8</td>
<td>Effective Date</td>
<td>Bond Counsel</td>
<td>Upon distribution of notice to holders by SANDAG</td>
</tr>
<tr>
<td>21.01 / 9</td>
<td>Aggregate Principal Amount</td>
<td>Financial Advisor/ Underwriters</td>
<td>Post-Pricing</td>
</tr>
<tr>
<td>21.02 / 9</td>
<td>Reserve Fund</td>
<td>Financial Advisor/ Underwriters/ SANDAG</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>21.02 / 9</td>
<td>Net proceeds</td>
<td>Financial Advisor/ Underwriters</td>
<td>Post-Pricing</td>
</tr>
<tr>
<td>21.02 / 9-10</td>
<td>Allocations of proceeds to Indenture Accounts</td>
<td>Financial Advisor/ Underwriters</td>
<td>Post-Pricing</td>
</tr>
<tr>
<td>21.04 / 10</td>
<td>Aggregate Principal Amount of Series A Bonds and Term Bond Maturities</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>21.04 / 10</td>
<td>Aggregate Principal Amount of Series B Bonds and Term Bond Maturities</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>21.05(a)(i) and (ii) / 11</td>
<td>Redemption Provisions 2010 Series A — Par Call or Make-Whole Call and discount rates</td>
<td>Financial Advisor/ Underwriters / SANDAG</td>
<td>Prior to Posting POS</td>
</tr>
<tr>
<td>21.05(a) and (b) / 11</td>
<td>Certain Redemption Provisions and Redemption Dates for 2010 Series A and B Bonds</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>21.06 / 13-14</td>
<td>2010 Series A and B Bonds Maturity and Term Bonds</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>22.02 / 16</td>
<td>Reserve Fund Allocation</td>
<td>Financial Advisor/ Underwriters</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>22.04 / 16</td>
<td>Reserve Fund Amount</td>
<td>Financial Advisor/ Underwriters</td>
<td>Pricing, if applicable</td>
</tr>
<tr>
<td>Page 19</td>
<td>Signatures and Seal</td>
<td>SANDAG/Trustee/Bond Counsel</td>
<td>Pre-closing</td>
</tr>
<tr>
<td>Exhibit A / A-1</td>
<td>Bond Number, Principal</td>
<td>N/A</td>
<td>With the exception of</td>
</tr>
<tr>
<td>Exhibit A / A-2</td>
<td>Date of Third Supplemental Indenture</td>
<td>Prior to posting POS</td>
<td></td>
</tr>
<tr>
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**SECOND SUPPLEMENT TO THE AMENDED AND RESTATED SUBORDINATE INDENTURE**

between SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION and U.S. BANK NATIONAL ASSOCIATION, as Trustee

<table>
<thead>
<tr>
<th>Section / Page</th>
<th>Outstanding Items</th>
<th>Responsible Party</th>
<th>Expected Availability</th>
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<td>Page 1</td>
<td>Date</td>
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<td>Bond Pricing</td>
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<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>
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<td>Underwriter and Commission</td>
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<tr>
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<td>Par Amount of Bonds</td>
<td>Underwriter and Commission</td>
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<td>3</td>
<td>Date of Official Statement</td>
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<td></td>
<td>A-1</td>
<td>Date of Third Supplemental Indenture</td>
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<tr>
<td></td>
<td>A-1</td>
<td>Entity Filing Annual Report</td>
<td>Commission</td>
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</table>
On September 3, 2010, Caltrans released the Draft Environmental Document for the State Route 76 (SR 76) East project. The close of the public comment period is scheduled for November 2, 2010. SR 76 is currently a two-lane conventional highway. The East project would widen 5.2 miles of SR 76 between South Mission Road and Interstate 15 (I-15) from two to four lanes, construct a park-and-ride facility at I-15, and modify the SR 76/I-15 interchange.

The project study area includes the unincorporated communities of Fallbrook and Bonsall in northern San Diego County. The project area is within the San Luis Rey River Valley and consists of open space, agricultural fields, avocado and citrus groves, horse breeding and training facilities, horse pastures, scattered commercial developments, and residential properties.

Two build alternatives and the No-Build alternative are presented in the document. The No-Build alternative would leave SR 76 as a two-lane highway between South Mission Road and I-15. The Existing Alignment alternative would widen SR 76 along its existing alignment along the north side of the San Luis Rey River. The Southern Alignment alternative would relocate SR 76 to the south side of the river. The Existing Alignment alternative is estimated to cost $200 million and the Southern Alignment alternative $322 million.

The SR 76 Middle project is currently under construction. The project will widen SR 76 from two to four lanes between Melrose Drive and South Mission Road. Construction began in January 2010 and is scheduled to be complete in December 2012 with a total estimated cost of $171 million.

JIM LINTHICUM
Director of Mobility Management and Project Implementation

Key Staff Contact: Allan Kosup, (619) 688-3611, allan.kosup@dot.ca.gov
The North County Transit District (NCTD) has completed a final accounting of the SPRINTER project expenses. The final cost of the SPRINTER was approximately $6.5 million less than the total funding plan amount of $484.1 million. This report is provided in order to document the final cost of the project.

The SPRINTER project opened for revenue service in March 2008. Construction of final work and subsequent analysis of final bid item amounts was performed and concluded in early 2010. This analysis also required a methodology to determine the final cost of the Inland Rail Trail (IRT), since both projects were done as part of the same contract. SANDAG staff assisted the NCTD in this effort and concurs with the methodology used and the final calculations. The final cost on the SPRINTER was $477.628 million, or approximately $6.511 million less than the approved budget. Pursuant to the hierarchy in the return of funds approved by the Board of Directors at its October 2008 meeting, the full $6.511 million would be credited to NCTD.

At its October 24, 2008, meeting, the Board approved a revision to the SPRINTER funding plan that modified the funding sources and amounts, but left the total funding plan amount unchanged at $484.139 million. This higher funding plan was the amount that the Federal Transit Administration (FTA) Project Management Oversight Consultant (PMOC) had required NCTD to accept based on a very conservative risk assessment. The approved funding is shown below in Table 1. With the costs on the SPRINTER project and associated work on the IRT project now completed, a final funding plan for the SPRINTER is proposed below. The final cost for the SPRINTER project is $477.628 million, or $6.511 million less than previously approved. The proposed final funding plan takes into account the Board-approved hierarchy of funding sources for the return of funds to NCTD, including the $5.35 million in Transportation Development Act (TDA) Carryover funds and $1.161 million in NCTD Debt Service Reserve funds. NCTD has elected to adjust its bond reserve funds in combination with reduced State Transportation Assistance funds; however, the net amount returned to NCTD would be the same.

Of the $6.5 million in funds returned to NCTD per the Board-approved policy, approximately $5.35 million have been used to replenish the NCTD TDA Reserve (no decision has yet been made regarding the use of those funds); an additional $766,000 has been used for debt service on the SPRINTER; and lastly, about $395,000 is intended to be used by NCTD on capital projects, though a final decision has not yet been made.
Table 1. SPRINTERR Funding Plan

<table>
<thead>
<tr>
<th>Source</th>
<th>Previously Approved Amount ($000's)*</th>
<th>Proposed Final Amount ($000's)*</th>
<th>Change*</th>
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<tr>
<td>Federal</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Federal Transit Administration (FTA) Section 5309</td>
<td>152,100</td>
<td>152,100</td>
<td>0</td>
</tr>
<tr>
<td>Congestion Mitigation and Air Quality (CMAQ)</td>
<td>4,900</td>
<td>4,900</td>
<td>0</td>
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<tr>
<td>Highway Bridge Replacement and Rehabilitation (HBBR)</td>
<td>62</td>
<td>62</td>
<td>0</td>
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<tr>
<td>Subtotal Federal Funds</td>
<td>157,062</td>
<td>157,062</td>
<td>0</td>
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<tr>
<td>State</td>
<td></td>
<td></td>
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<tr>
<td>Traffic Congestion Relief Program (TCRP)</td>
<td>80,000</td>
<td>80,000</td>
<td>0</td>
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<tr>
<td>Proposition 108</td>
<td>17,615</td>
<td>17,615</td>
<td>0</td>
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<tr>
<td>State Transportation Improvement Program (STIP)</td>
<td>6,600</td>
<td>6,600</td>
<td>0</td>
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<tr>
<td>State Transit Assistance (STA) Fund</td>
<td>2,315</td>
<td>917</td>
<td>(1,398)</td>
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<tr>
<td>Proposition 1B PTMISEA</td>
<td>8,603</td>
<td>8,603</td>
<td>0</td>
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<tr>
<td>Subtotal State Funds</td>
<td>115,133</td>
<td>113,735</td>
<td>(1,398)</td>
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<tr>
<td>Local</td>
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<tr>
<td>TransNet Transit</td>
<td>111,186</td>
<td>111,186</td>
<td>0</td>
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<tr>
<td>TransNet Major Corridors</td>
<td>65,888</td>
<td>65,888</td>
<td>0</td>
</tr>
<tr>
<td>Transportation Development Act (TDA) Carryover</td>
<td>5,350</td>
<td>0</td>
<td>(5,350)</td>
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<tr>
<td>Other NCTD funds, including Debt Service Reserve</td>
<td>29,520</td>
<td>29,758</td>
<td>238</td>
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<tr>
<td>Subtotal Local Funds</td>
<td>211,944</td>
<td>206,832</td>
<td>(5,112)</td>
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<tr>
<td>Total Funds</td>
<td>484,139</td>
<td>477,628</td>
<td>(6,511)</td>
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</table>

*Figures may not add up exactly due to rounding.

Staff is scheduled to present this item to the Independent Taxpayer Oversight Committee (ITOC) at its September 8, 2010, meeting. Staff will report on comments provided by the ITOC.

**Next Steps**

Since the final amount is less than the Board-approved level, no additional actions are required, this item is presented in order to formally document the final cost of the SPRINTERR project.

LAUREN WARREM
Director of Finance

Key Staff Contact: José A. Nuncio, (619) 699-1908, jnu@sandag.org
STATE BUDGET IMPASSE IMPACTS UPDATE

Introduction

The Governor and the Legislature have not yet reached agreement on the Fiscal Year (FY) 2010-11 Budget. The delay in approving the state budget is impacting the delivery of transportation projects. This report briefly describes the current status of the state budget situation and the impacts to transportation projects.

Discussion

On August 11, 2010, Caltrans Director Cindy McKim issued a statement summarizing potential impacts to transportation projects due to the lack of a state budget for FY 2010-11. Caltrans is forecasting that since the ongoing budget impasse continued through the middle of September, transportation fund cash balances may be depleted, resulting in the potential suspension of certain existing projects. Further, Caltrans on a statewide basis would not be able to award approximately $1.5 billion in new construction projects for which the California Transportation Commission (CTC) has already approved allocations. Locally, five pavement rehabilitation projects in the San Diego region could be affected; these include projects on Interstates 5 (I-5), 8, and 15 and State Route 163 (SR 163), totaling approximately $46.3 million.

In addition, Caltrans is holding the award of approximately $900 million worth (statewide) of other projects that were allocated using FY 2009-10 budget authority, including two local safety projects on I-5 and SR 76. According to Caltrans, while these contracts are funded from existing budget authority, the forecasted depletion of transportation cash funds at the end of August makes the award of those contracts challenging. Lastly, nearly $650 million (statewide) in bond-funded projects are being delayed until the State Treasurer’s Office can complete a bond sale. At this time, the delay does not impact the award of any San Diego regional projects.

Should the budget impasse continue, additional ongoing construction projects could be affected, including the SR 52 extension from SR 125 to SR 67, the I-15 Express Lanes, construction of the new SR 905 freeway in Otay Mesa, the new SR 76 expressway between Melrose Drive in Oceanside and Mission Road in Bonsall, and the Santa Margarita River Bridge Replacement north of Oceanside. Additional SANDAG projects currently in the environmental and design phases, including the Del Mar Bluffs Stabilization (Phase 3), and the Sorrento – Miramar Curve Realignment and Double Track project, and programs such as the Freeway Service Patrol and SANDAG planning funds, also could be impacted. In addition, other projects that have just completed the design process, including widening of SR 78 in the San Marcos and Escondido area, could experience having the allocation of state funds by the CTC for the construction phase be put on hold pending passage of the state budget.
After the last budget crisis in early 2009, the state devised a plan in which each time it issues bonds, the bond funding would be of a sufficient amount to maintain existing construction contracts for the upcoming year. The last bond issuance occurred in April 2010, which means that if projected expenditure rates hold, there should be sufficient funding to cover expenditures through March 2011. However, the lack of a state budget could affect cash flow.

Staff will continue to monitor the state budget process as it develops and report back to the Executive and Transportation Committees.

LAUREN WARREM  
Director of Finance

Key Staff Contact: José A. Nuncio, (619) 699-1908, jnu@sandag.org
TRANSPORTATION COMMITTEE

September 17, 2010

AGENDA ITEM NO.: 3

Action Requested: APPROVE

JOB ACCESS & REVERSE COMMUTE PASS-THROUGH
FY 2011 BUDGET AMENDMENT

File Number 3320200

Introduction

SANDAG was selected by the Governor of California to be the designated recipient of the federal Job Access and Reverse Commute (JARC) funding program for the San Diego urbanized area. The purpose of the JARC program is to provide grants for operations, capital, and mobility management projects aimed at serving reverse commuters and low-income individuals traveling to jobs and employment-related activities. In order to facilitate the distribution of funding to awardees, the Transportation Committee is asked to approve the creation of a new JARC pass-through work element, providing $350,000 of grants, as approved by the Board of Directors and the Federal Transit Administration (FTA).

Discussion

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) requires that SANDAG conduct a competitive selection process to distribute funds. Eligible applicants include private nonprofit organizations, governmental authorities, private and public transportation providers, and the Consolidated Transportation Services Agency (CTSA). The purpose of this competitive selection process is to evaluate potential projects and recommend to the FTA which project should be funded. In fall 2008, the third competitive selection cycle was conducted by SANDAG to distribute all remaining FY 09 JARC funds. On February 27, 2009, the Board of Directors approved the recommended ranked list of projects, resulting in up to four projects to be funded through this program. These projects, listed below, were then programmed into the Regional Transportation Improvement Program (RTIP) and forwarded to the FTA who approved the grant application on April 29. Upon approval of this budget amendment, grant agreements will be executed with each subrecipient.

Recommendation

The Transportation Committee is asked to approve an amendment to the FY 2011 Budget to add $349,311 of pass-through funding from the Job Access & Reverse Commute federal grant program (Attachment 1).
<table>
<thead>
<tr>
<th>Rank</th>
<th>Sponsor</th>
<th>Project Description</th>
<th>Requested Grant $</th>
<th>Req'd Match</th>
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<tbody>
<tr>
<td>1</td>
<td>All Congregations Together (ACT)</td>
<td>ComLink Transportation: The proposed project would provide a shuttle service for low-income individuals and reverse commuters to and from jobs and activities related to their employment in areas with gaps in transportation services as identified in the 20</td>
<td>FY 2009 - $60,000</td>
<td>50%</td>
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<tr>
<td>1</td>
<td>International Rescue Committee</td>
<td>Employment Transportation for Refugees: This project offers newly arrived refugees increased access to existing transit systems by offering one-on-one route planning and accompanied educational bus and trolley trips.</td>
<td>FY 2009 - $60,101</td>
<td>20%</td>
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<td>3</td>
<td>St. Madeline Sophie’s Center</td>
<td>Rides4Neighbors: This project proposes to expand the City of La Mesa’s volunteer driver program into the neighboring communities of Mt. Helix and other unincorporated areas, Spring Valley, parts of El Cajon and Lemon Grove, San Carlos, and Del Cerro. Additional elements of this project include the expansion of a small bus flexible route for shopping and medical trips, the distribution of subsidized taxi vouchers, the development of a travel training program, and hosting a Transportation and Mobility Expo event. This project proposes to expand St. Madeleine Sophie’s Center’s transportation services and mobility management training for adults with developmental disabilities who currently are employed or who want to explore their employment options.</td>
<td>FY2009 - $125,561.55</td>
<td>27%</td>
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<td>4</td>
<td>Alpha Project</td>
<td>This project proposes to expand the transportation services Alpha Project provides to residents of Casa Raphael, a residential substance abuse treatment program, to job training, readiness, and employment assistance programs, in addition to employment opportunities.</td>
<td>FY 2009 - $103,648.50</td>
<td>50%</td>
</tr>
</tbody>
</table>

While JARC grants have been awarded in the past, in San Diego County they have historically been awarded to transit operators who have a direct recipient relationship with the FTA. The most recent competitive process resulted in funding four nonprofit organizations to receive JARC grants. Because these agencies are private, SANDAG must act as the recipient of these funds, with the awarded agencies entering into a subrecipient relationship. To accommodate this relationship, the Transportation Committee is asked to approve the creation of a new work element, 3320900, in the FY 2011 Program Budget. The Transportation Committee is asked to add $349,311 of pass-through funding to this work element to fund the $350,000 JARC grant as approved by the FTA. The administration and oversight of these grants is funded separately in work element 3320200.

CHARLES "MUGGS" STOLL
Director of Land Use and Transportation Planning

Attachment: 1. JARC Pass-through 3320900 Work Element

Key Staff Contact: Danielle Kochman, (619) 699-1921, dko@sandag.org
Our Region. Our Future.

2050 Regional Transportation Plan

2050 RTP Process and Timeline

<table>
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<th>Fall 2009</th>
<th>Spring 2010</th>
<th>Summer 2010</th>
<th>Fall 2010</th>
<th>Early 2011</th>
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<td>2050 Regional Growth Forecast</td>
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<td>Apply Performance Measures</td>
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<td>Revenue Projections</td>
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<td>Draft 2050 RTP and EIR</td>
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Network Development

Unconstrained Multimodal Network
$140B

$100B-110B

Transit Emphasis
- Fund new rapid transit
- Shift rail and bus capacity
- Improve bus and rail frequences
- Enhance transit accessibility
- Upgrade transit services

Rail/Freight Emphasis
- Fund new rail and freight
- Shift rail and bus capacity
- Enhance rail and freight services

Highway Emphasis
- Fund new highways
- Shift rail and bus capacity
- Enhance highway services

Fusion
- Fund new rail and bus
- Shift rail and bus capacity
- Enhance rail and bus services

Scenario Development Based on Revenue Constraints
Revenue Projections and Flexible Funding

- Revenue Constrained scenarios/SCS must be based on reasonably available funding
- Initial revenue projections total $100 billion – $110 billion through 2050
- Funding restricted by allowable uses
- Board policy on flexible funding

Initial Revenue Scenarios

- Four initial scenarios
  - Transit Emphasis Scenario
  - Rail/Freight Emphasis Scenario
  - Highway Emphasis
  - Fusion Scenario
- 2050 Regional Growth Forecast
- Various levels of TDM, TSM, and bike/ped improvements
- Goods movement investments
Draft 2050 RTP Highway Emphasis

Draft 2050 RTP Fusion
Sustainable Communities Strategy

Next Steps

- Feedback on initial Revenue Constrained scenarios
- Evaluate and refine Revenue Constrained scenarios
California High-Speed Train System
Los Angeles to San Diego via Inland Empire Section Quarterly Report

September 17, 2010

California High-Speed Train System

- 800 miles connecting major metropolitan areas
- State of the art technology
- Speeds to 220 mph
- San Diego connected via Inland Empire and Los Angeles
- State’s priority corridor is Anaheim to Bay Area
San Diego to Los Angeles Section

- 160 miles long
- 4 counties
- >100 jurisdictions
- 500 miles of alternatives
Activities Next Quarter

- Continue outreach meetings along entire corridor
- Continue technical studies
- Work with CHSRA to release preliminary alternatives analysis document for public comment
September 15, 2010

SANDAG
401 B St., Suite # 800
San Diego, CA 92101

ATTN: Coleen Clementson, Principal Planner

RE: SANDAG Transportation Committee Meeting, September 17, 2010
Item #7 (Draft 2010-2014 Coordinated Plan)

Dear Ms. Clementson:

On September 17 the Transportation Committee will be asked to accept and release for public review and comment the Draft 2010-2014 Coordinated Plan. I believe this is the first year that the rural areas of the region will be specifically incorporated into the Coordinated Public Transit and Human Services Transportation Plan. I oversee the City of La Mesa SANDAG grant funded program, Rides4Neighbors.; in that capacity I offer the following comments.

Rides4Neighbors includes our non-driving senior and disabled adult neighbors in La Mesa, El Cajon, Santee, Lakeside, Santee, Lemon Grove and Spring Valley. I often receive calls from seniors and disabled adults, or their families, in Alpine, Campo, Descanso, etc., who are desperate for transportation to their medical and other essential appointments. Unfortunately, I do not have the resources to help them.

To meet the needs of our most vulnerable citizens, there is a critical need for SANDAG to provide grant funding to enable a rural transportation coordinating entity and the staff person(s) to support it.

I respectfully request that my letter be distributed to the Transportation Committee prior to or at the September 17, 2010 meeting. Unfortunately, I will not be able to attend, however, I will try to attend the public hearing on October 15.

If you have any questions, I can be reached at 619-667-1320. I appreciate your time.

Sincerely,

Catherine Hollarn
Transportation Specialist
City of La Mesa, Adult Enrichment Center

CC: SANDAG Transportation Committee
Tessa Wright, SANDAG
Dan Levy, SANDAG
Patrick Judd, Interim Human Services Manager, City of La Mesa
September 13, 2010

SANDAG Transportation Committee
401 B St
San Diego, 92101

RE: Item 7 / Draft 2010-2014 Coordinated Plan

Dear SANDAG Transportation Committee Members,

A year and a half ago, I gave testimony to your Committee regarding the lack of inclusion of rural areas in the SANDAG Coordinated Plan for San Diego County. I argued that although rural, we were still part of the County and should be included in the Plan. Progress toward rural inclusion is being made, and this week your Committee will discuss the update of our region’s Coordinated Plan with its rural component. I am writing this letter to comment on Item 7 of your Agenda and would like my comments to be part of the public record.

Since giving testimony to your Transportation Committee, I have been working with the Ramona Senior Center and the Palomar/Pomerado Community Action Council on an effort to bring “access to transportation” to rural communities. In addition, last year I joined the FACT Board of Directors. This has helped to increase my “transportation savvy” and I finally understand the “transportation context” we’re in.

When SANDAG’s rural outreach efforts were announced, I volunteered to assist. I supplied rural contact info and “talked up” the rural outreach everywhere I went. I told everyone how important it was to engage with the SANDAG Rural Transportation Survey. I sent out reminders to all of my contacts about the SANDAG Rural Forums, and helped secure a venue for the rural forum in Ramona. I was so excited that the rural areas were being included in this year’s update of the Coordinated Plan.

Then it all began to sink in. I had seen it before. As a “disaster recovery” community leader, I recognized the same structural barriers in our current “transportation disaster” recovery that I had witnessed after the Cedar Fire of 2003. In both cases the need was clear and the resources were available, but rural communities could not engage with the resources.

I am writing this letter to share my conclusion as a rural community member with both “transportation knowledge” and “rural expertise”. There are REASONS why rural communities can’t engage with resources that flow freely (JARC, New Freedom, Senior Mini-grant and 5310 funds). My observation is that rural communities:

- Lack a local government
  - Lack paid personnel to work toward transportation solutions
  - Lack matching grant monies
  - Lack representation on the SANDAG BOD
  - Lack relationships (social capital) with important external stakeholders and elected officials
- Lack non-profits
- Lack “champions” to fight for access to transportation
- Lack transportation “know how”
• Lack grant proposal writing skills  
• Rely on volunteers for transportation planning/funding/implementation of service  
• Are expensive to serve due to geographic proximity (remote/spread out)  
• Lack local transportation service providers  

After the Cedar Fire, I was involved in passing a bill into law (SB477) that required the County Office of Emergency Services to assist rural communities in forming a “long-term disaster recovery” effort, when they are unable to do so for themselves. Passing this bill was possible due to the acknowledgement by our State Legislators that rural communities require assistance to engage with resources. In addition to passing a bill, our region also hired a “Rural Community Coordinator” for each of the larger rural communities. These Rural Coordinators “brokered” resources to assist those in need. The region’s Rural Disaster Coordinators also met monthly to work on common regional “disaster recovery” issues. Others (the County, San Diego Foundation, Salvation Army, etc) have struggled to find cost-effective ways to serve rural areas. We can learn from those experiences, and build on them.

In conclusion, I am writing this because I feel I have a well-informed opinion on this matter. While I am grateful for SANDAG’s Rural Outreach efforts and grant funding opportunities, I think that the “direct funding to rural communities” approach is doomed to fail. I don’t claim to have the answer. I only know that rural communities lack the “social capital” and capacity to engage with the grant-funding SANDAG is offering. We don’t know how to design a transportation program, we don’t have local transportation service providers, we don’t have a grant-writer, and we rely on volunteers whose efforts are not sustainable. It is like giving a bottle and formula to a baby and expecting them to feed themselves. Nice gesture but not practical. We lack the capacity.

Clearly, rural areas are part of the San Diego region. I understand that serving them is expensive. However, we must not use the lack of available resources as an excuse to completely cut our service to rural areas. NCTD and MTS do not seem interested in serving rural areas, and their “urban model” is not a good fit. The funding utilized by NCTD and MTS could be combined with other available sources of funding to create a strategy/plan that effectively serves San Diego’s rural region. Our Tribal communities also have UN-met transportation need, and may be willing to partner with other non-Tribal rural areas to work toward common cost-effective solutions.

Please consider the UNIQUE characteristics of the rural communities, and realize that “the right” thing to do would be to create a plan that addresses them separate from our urban communities. I have many ideas and am willing to contribute to solutions any way I can. I understand that we should encourage people without cars to move into urban areas. However, like you, they have bought homes they cannot sell at this time. Transportation services were in place when they moved to rural areas, and they had no idea the services would go away. We do not expect to have our transportation needs fully met. We, as tax-payers, would like to know that we are part of the region’s transportation planning. There are many ways to do that. I have given you a few things to consider as you make decisions and move forward.

Thank you of your time and consideration,

LaVonna Connelly, MSW  
Ramona Transportation Action Committee/Coordinator  
Full Access and Coordinated Transportation/ Board Member  
National Network for Social Work Managers/ Mark Moses Fellow
Proposed FY 2011 Budget Amendment:
LOSSAN Corridor Planning

September 17, 2010
LOSSAN Joint Powers Authority

- 10 member agencies including SANDAG, MTS, and NCTD
- SANDAG provides staff support through member assessments
- Members approved interagency MOU to work cooperatively
- Developed strategic vision and scope of work
- Hire project manager

Project Budget

- Funding is shared among member agencies based on county shares of ridership
- $200,000 ARRA grant pending
Recommendation

The Transportation Committee is asked to recommend that the Board of Directors:

(1) Approve the FY 2011 budget amendment to accept member agency funds of $396,689 for OWP #3400600;

(2) Authorize the Executive Director to execute grant agreements and all documents necessary to accept $200,000 in ARRA planning funds and further amend OWP #3400600 once these funds are available (Attachment 1).

Proposed FY 2011 Budget Amendment: LOSSAN Corridor Planning

September 17, 2010
State Route 76 Corridor

SR-76 East (S. Mission Rd. to I-15)
- Environmental Document Release

SR-76 Middle (Melrose Dr. to S. Mission Rd.)
- Construction Update

SANDAG Transportation Committee
September 17, 2010

SR-76 Corridor
Objectives

- Expand Mobility
- Improve Safety
- Enhance natural resources
- Synergy with San Luis Rey River Park
SR 76 East
Alignment Alternatives

Typical Cross Section
SR 76 East
Access Points

Existing Alternative
Southern Alternative

San Luis Rey River Park
“String of Pearls”
**Next Steps**

**Environmental Process**
- Released Draft Environmental Document, *September 3, 2010*
- End Public Review period, *November 2, 2010*
- Select Preferred Alternative, *Spring 2011*
- Approve Final Environmental Document, *Fall 2011*

**Construction Process**
- Acquire Right of Way, *Fall 2011*
- Break Ground on Interchange, *Early 2012*
- Complete Corridor Construction, *2015*

**Funding**
- TransNet, Developer, County TIF, and Tribal Contributions

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**SR 76 Middle**

**Construction Update**

Looking NE from Melrose Dr.
Site Prep,
New San Luis Rey River Bridge

Temporary Bridge, Minimal Traffic Disruption During Dirt Hauls
**SR-76 East**

**Key Findings and Impacts**

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<td>New corridor/Influence development</td>
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SR-76 East
Project Objectives

- Expand Mobility
- Improve Safety
- Enhance natural resources
- Synergy with San Luis Rey River Park
SR-76 Middle
Construction Update

- Construction Start, January 2010
- Open to Traffic, September 2012

Temporary Haul Road Over Existing SR 76
Access Points

- SR-76 East
- Signalized I/S
- Right-In/Right-Out
- Full Access I/S