Note meeting time change to 10:30 a.m.

Friday, May 11, 2012

10:30 a.m. to 12 noon

SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

- TransNet 2012 BOND ISSUANCE: REVIEW AND APPROVAL OF FINAL BOND DOCUMENTS

PLEASE TURN OFF CELL PHONES DURING THE MEETING

YOU CAN LISTEN TO THE BOARD OF DIRECTORS MEETING BY VISITING OUR WEB SITE AT WWW.SANDAG.ORG

MESSAGE FROM THE CLERK

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

MISSION STATEMENT

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

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

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

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

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

SANDAG agenda materials can be made available in alternative languages. To make a request call (619) 699-1900 at least 72 hours in advance of the meeting.

Los materiales de la agenda de SANDAG están disponibles en otros idiomas. Para hacer una solicitud, llame al (619) 699-1900 al menos 72 horas antes de la reunión.

如有需要,我们可以把SANDAG议程材料翻译成其他语言。

请在会议前至少 72 小时打电话 (619) 699-1900 提出请求.

SANDAG offices are accessible by public transit. Phone 511 or see 511sd.com for route information.
Bicycle parking is available in the parking garage of the SANDAG offices.
### BOARD OF DIRECTORS
Friday May 11, 2012

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>RECOMMENDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS</td>
</tr>
</tbody>
</table>

Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Other public comments will be heard during the items under the heading “Reports.” Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Public speakers are limited to three minutes or less per person. Board members also may provide information and announcements under this agenda item.

### REPORTS (2)

+2. TransNet 2012 BOND ISSUANCE: REVIEW AND APPROVAL OF FINAL BOND DOCUMENTS (First Vice Chair Jack Dale; José A. Nuncio)*

The Board of Directors, acting as the San Diego County Regional Transportation Commission, is asked to adopt Resolution No. RTC 2012-02, authorizing the refunding of outstanding bonds and the issuance of refunding bonds and not to exceed $300 million aggregate principal amount of additional fixed-rate bonds and the execution and distribution of the documents that are attached to the report in substantially final form.

3. CONTINUED PUBLIC COMMENTS

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

4. UPCOMING MEETINGS

The next Board Business meeting is scheduled for Friday, May 25, 2012, at 9 a.m. The next Board Policy meeting is scheduled for Friday, June 8, 2012, at 10 a.m.

5. ADJOURNMENT

+ next to an agenda item indicates an attachment

* next to an agenda item indicates a San Diego County Regional Transportation Commission item
TransNet 2012 BOND ISSUANCE: REVIEW AND APPROVAL OF FINAL BOND DOCUMENTS

Introduction

In November 2011, the Board of Directors approved the 2011 TransNet Plan of Finance, which incorporated updated program revenue, cost, and project budget and cash flow assumptions for the TransNet Early Action Program (EAP). The 2011 update kept the Board’s robust EAP on schedule and allowed for an outlay of TransNet funds for the acquisition of the State Route 125 (SR 125) toll road franchise lease. Based on projected cash flow needs, the 2011 Plan of Finance identified the need for additional borrowing during FY 2012.

In March, the Transportation Committee and Board of Directors reviewed the strategy for the proposed 2012 bond financing, which includes the issuance of approximately $300 million in long-term, tax-exempt, fixed-rate debt, to meet the near-term cash flow needs of the EAP. In addition, current market conditions offer an opportunity for SANDAG to rebalance its debt portfolio by refunding and converting to fixed-rate debt (or “fix out”) a portion of the existing variable rate debt. The Board’s November action on the 2011 Plan of Finance 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.

At its April 27, 2012, meeting, the Board received an update on the upcoming transaction and reviewed the draft bond documents. The May 11, 2012, meeting will provide an additional opportunity for Board members to review the bond documents for approval. This report also summarizes the Board member responsibilities with respect to this bond issuance and addresses the questions raised by Board members at prior meetings.

Discussion

In December 2005, the Board of Directors approved a financial strategy for implementing the TransNet EAP and for fulfilling ongoing commitments for the existing TransNet program. To date, the Board’s financial strategy has included the issuance of variable rate debt, with low interest rates locked in through interest rate exchange agreements (swaps); fixed-rate, taxable Build America Bonds; and a commercial paper program.

---

1 Created by the American Recovery and Reinvestment Act of 2009, Build America Bonds are taxable, tax credit bonds, which allow the issuer to receive 35 percent of interest payments as a cash payment from U.S. Treasury.
The 2011 TransNet Plan of Finance incorporated the latest cost estimates for all ongoing EAP projects, including the Blue and Orange Line Trolley Modernization, Mid-Coast Trolley Extension, North Coast Corridor rail and highway improvements, Interstate 805 (I-805) widening, and the acquisition of the SR 125 franchise lease, among other projects. The 2011 update also incorporated major new federal and state revenues, such as the federal Transportation Investment Generating Economic Recovery (TIGER) grant program and the state’s Proposition 1B Corridor Mobility Improvement Account (CMIA) program that have allowed projects along the North Coast Corridor and the I-805 corridor to move ahead.

The 2011 Plan of Finance approved by the Board of Directors last November accomplishes three objectives: (1) accelerates projects during a low construction cost environment; (2) takes advantage of historically low interest rates; and (3) rebalances the agency’s current debt portfolio to continue taking advantage of SANDAG credit strengths.

**Current Debt Portfolio**

The current SANDAG debt portfolio includes the Series 2008 variable rate demand bonds (VRDBs) and the Series 2010 fixed-rate taxable Build America Bonds. Of the $600 million of VRDBs issued in 2008, $553.8 million is currently outstanding. Of the $350 million in total par of fixed-rate bonds issued in 2010, $349 million is currently outstanding.

Issuance of the 2008 VRDBs that were combined with the interest rate swaps has resulted in a low cost of borrowing averaging approximately 4.2 percent to date. This has been a cost-effective strategy, resulting in interest expense savings in excess of $20 million when compared to what interest expense would have been if SANDAG had issued fixed-rate bonds in March 2008 (at a rate of 5.2 percent) instead of the variable rate bonds.

While the 2008 variable rate debt component continues to be a cost-effective approach for SANDAG, it does involve some complexity and risks when compared to traditional fixed-rate bonds, because variable rate bonds require liquidity from a third-party bank or liquidity provider. There is a credit risk associated with exposure to swap counterparties and liquidity facility providers associated with the 2008 VRDBs, as these banks also maintain credit ratings of their own, which in turn could affect the SANDAG debt program. This was exemplified during 2011 when one of the SANDAG liquidity facility providers, Dexia Credit Local Bank, was downgraded by the rating agencies due to its exposure to the European debt crisis. SANDAG identified and effectively managed this risk, taking necessary steps to quickly replace the Dexia liquidity facility with new liquidity facilities from Mizuho Corporate Bank and State Street Bank and Trust Company/California State Teachers Retirement System.

**Planned 2012 Bond Issuance**

In addition to the planned 2012 bond issuance of $300 million in new funding, current market conditions point to a potential opportunity to revise the existing SANDAG debt portfolio described above. The proposal is to refund and convert a portion of the near-term maturities of the 2008 VRDBs to low fixed-rate bonds and terminate corresponding interest rate swaps at no additional net cost to SANDAG. The primary reason for this refunding proposal would be to reduce SANDAG exposure to variable interest rate risk and counterparty risk with the related liquidity facility providers. At the time of writing this report, approximately $86 million of the variable rate bonds could be refunded by fixed-rate debt at no additional net cost to SANDAG.

The $300 million in new fixed-rate debt combined with the estimated $86 million of fixed out VRDBs would reduce the proportion of variable rate debt from its current level of 62 percent to approximately 40 percent of the total SANDAG debt portfolio. This change in the proportion will
depend on the amount of VRDBs refunded, which will be determined by market conditions on the day of the sale. Conversely, the fixed-rate debt share of the portfolio would increase from 38 percent to approximately 60 percent, again, depending on the total amount of VRDBs refunded. The proposal is to refund as many near-term maturities of the VRDBs as possible at a cost-neutral, or near cost-neutral basis, to SANDAG. As market conditions fluctuate up to the day of SANDAG’s proposed bond sale, staff proposes that flexibility be provided in a $50,000 not-to-exceed cost of converting a portion of the variable rate debt.

Included as Attachment 1 is a memorandum from the SANDAG financial advisor, Public Financial Management (PFM), which provides more detailed information relating to the new funds as well as the refunding opportunity. At its March 14, 2012, meeting, the Independent Taxpayer Oversight Committee (ITOC) received a report on the proposed bond issuance/VRDB refunding and supported the proposal. Staff is scheduled to provide another update to the ITOC on May 9, 2012.

Estimated Costs of Issuance

In March, Board members requested additional information about the estimated costs of issuance for the 2012 bond financing. Issuance costs include bond counsel, disclosure counsel, financial advisor, trustee, printing, rating agency, and underwriter fees.

The selection of bond counsel, disclosure counsel, trustee, and financial advisor was done through a competitive process, and fees were negotiated. Rating agency fees are subject to published rates. The total of these issuance costs are estimated at $700,000.

The underwriter fees are calculated as a percentage of the total amount of debt issued. The actual amount of the VRDBs to be refunded will depend on market conditions on the day of pricing, and will be determined when the transaction closes. To ensure a competitive fee for the 2012 issuance, SANDAG staff and PFM negotiated the underwriting costs. Factors that are considered in determining underwriter fees include the complexity of the transaction (i.e., fixed or variable rate, refunding, and/or unwinding of swaps), and the term of the bonds (in our case, 36 years to 2048). Assuming the refunding amount remains as currently estimated at $86 million, plus the new money issuance of $300 million, underwriting fees would total approximately $1.49 million.

Total issuance costs of $2.19 million (the $700,000 plus the $1.49 million) amounts to approximately 0.61 percent of the bond issuance amount. Final costs of issuance would be paid out of bond proceeds at closing of the transaction.

We compared our estimated cost of issuance to similar recent issuances, as shown below:

- SANDAG 2010 issuance of $350 million in Build American Bonds – cost of issuance was 0.82 percent of the issuance amount. The higher cost is attributed to the fact that Build America Bonds were a new product for the municipal market, targeting the taxable buyer market in addition to the traditional tax-exempt buyer market.

- Los Angeles County Metropolitan Transportation Authority issuance of $235 million fixed-rate refunding with a final maturity of 2018 – cost of issuance was 0.31 percent. The lower cost is attributed to the shorter maturity (i.e., easier to sell) and the relative simplicity of a fixed-rate refunding.

- San Bernardino County Transportation Authority new money issuance of $92 million with a final maturity of 2040 – cost of issuance was 0.98 percent.
San Joaquin County Transportation Authority new money and refunding a portion of variable rate debt for a total issuance of $212 million with a final maturity of 2041 - cost of issuance was 0.58 percent. This transaction is the most similar in size and structure to what SANDAG is doing, with the difference in the final maturity contributing to the difference in cost of issuance as well as the fact that San Joaquin did not include a swap termination component.

Credit Rating Agency Reviews

The SANDAG Board Chairman, SANDAG staff, and representatives from PFM, bond counsel, and the senior underwriting team met with Standard & Poor’s (S&P) and Moody’s Investor Service credit rating agencies on April 16, 2012, to review the SANDAG 2012 financing proposal. The presentations included a summary of the region’s economic strengths as well as the sound management and structure of the current SANDAG debt program. SANDAG is currently rated AAA by S&P and Aa1 by Moody’s.

SANDAG is utilizing a rating evaluation service available from S&P to test various scenarios that could assist in maintaining the SANDAG credit standing. The scenarios that were evaluated all included the proposed $300 million in new money issuance and partial refunding of the 2008 VRDBs. The variability in the scenarios includes: (1) different bond coverage levels (known as the Additional Bonds Test, or ABT ratio); (2) whether to include a Debt Service Reserve Fund for the 2012 bonds; and (3) possible termination of the 2008 basis swaps, which would enable refunding more maturities of the 2008 VRDBs and fixing out a higher amount of the current variable rate debt.

The draft 2012 bond documents included with this report reflect an approach that would increase ABT from 1.3x to 2.0x and keep the current 2008 basis swaps in place. In addition, the proposal is not to include a Debt Service Reserve Fund for the 2012 bonds in order to flow those proceeds to projects.

Ratings from S&P and Moody’s are expected to be available during the week of May 7, and staff will report the credit ratings received at the May 11 Board meeting.

Board Member Responsibilities

Attached to this report for Board review and information are the bond documents for the proposed 2012 bond issuance (Attachments 2 through 6). Also attached is a catalogue of blanks (Attachment 7) detailing when the missing information in each of the draft bond documents would be filled in along with the responsible party.

The SANDAG Board of Directors, in its role as the San Diego County Regional Transportation Commission, has the ultimate responsibility for approving the 2012 transaction. Before making a decision regarding the bond issuance, Board members should review all of the documents to become familiar with their contents. Board members should pay particular attention to the information contained in the Preliminary Official Statement (Attachment 3) to ensure there are no inaccuracies concerning SANDAG.

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

SANDAG Bond Counsel (Orrick, Herrington & Sutcliffe LLP), Disclosure Counsel (Fulbright & Jaworski LLP), and Financial Advisor (Public Financial Management) will be present to give the Board the information regarding proper disclosure. The Chief Deputy Executive Director (Renée Wasmund), TransNet and Legislative Affairs Program Director (Kim Kawada), Chief Economist (Marney Cox), General Counsel (John Kirk), and Manager of Financial Programming and Project Control (José A. Nuncio) have all reviewed the bond documents, and to the best of the staff’s knowledge, all of the factual statements are true and correct in all material respects, and the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in those documents regarding SANDAG misleading.

Next Steps

The remaining schedule for the planned 2012 bond issuance is as follows:

- May 23: Anticipated pricing date
- June 14: Anticipated closing date

The Board’s visionary action to approve the financial strategy to jump start the TransNet EAP has resulted in significant 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 future matching funds for the TransNet program.

GARY L. GALLEGOS
Executive Director

2. Draft San Diego County Regional Transportation Commission Resolution No. RC 2012-02
3. Draft Preliminary Official Statement
4. Draft Fourth Supplemental Indenture
5. Draft Bond Purchase Agreement
6. Draft Continuing Disclosure Agreement
7. Catalogue of Outstanding (Blank) Items by Document

Key Staff Contacts: José A. Nuncio, (619) 699-1908, José.Nuncio@sandag.org
Marney Cox, (619) 699-1930, Marney.Cox@sandag.org
Kim Kawada, (619) 699-6994, Kim.Kawada@sandag.org
**Memorandum**

To: SANDAG Board of Directors  
From: Peter Shellenberger, Public Financial Management, Inc.  
Andrew McKendrick, PFM Asset Management LLC  
Naoko Miyamoto, Public Financial Management, Inc.  
Alex Kaplan, Public Financial Management, Inc.  
Re: Update on Proposed 2012 Bond Financing

**Introduction**

Public Financial Management ("PFM"), as the financial advisor to SANDAG, has worked with SANDAG staff to provide an update on the 2012 bond financing, which currently consists of two components:

- **New Money Bonds:** $300 million in new money bonds to fund new projects for the TransNet Extension program, as outlined in the latest plan of finance.
- **Refunding Bonds:** Approximately $86 million in refunding bonds to refund and “fix-out” selected maturities of the Series 2008A, 2008B, 2008C, and 2008D variable rate demand bonds (collectively, the “Series 2008 VRDBs”), and to terminate a portion of the fixed payer swaps associated with those maturities.

The $300 million in new money bonds are required to fund the TransNet Early Action Program (“EAP”). The refunding bonds take advantage of low fixed rates in the current market to “fix out” approximately $86 million of the Series 2008 VRDBs and terminate a portion of the associated fixed payer swaps. This strategy reduces SANDAG’s variable rate debt exposure. It is important to note that the economics of this portion of the transaction are very sensitive to movements in interest rates, and therefore the amount of borrowing for this purpose could increase or decrease significantly. These two components are described in more detail below.

Presented below are a brief market overview and an update on the anticipated financing.

**Market Update**

For the purpose of tracking municipal interest rates over time, we use the AAA Municipal Market Data Index (“AAA MMD”), which is the yield curve reflective of interest rates received by a triple-A issuer. With SANDAG rated “AAA” from Standard & Poor’s, the AAA MMD is a close proxy to where SANDAG would price their bonds in the current market. Both long-term and short-term interest rates are near historic lows. Major factors supporting these low rates is a trend of low issuance volume in the municipal market, combined with concerns over European debt, which has made US Treasuries and municipal bonds very attractive to investors.
The chart above tracks the 30-year AAA MMD maturity for the past ten years. As shown in the chart, the current 30-year AAA MMD yield is 3.32%. The current market is slightly higher than our last March 7 report, when rates were 3.28%; however, rates remain near the historical low and well below the 10-year average. As such, the current long-term fixed rate market is very attractive for municipal bond issuers. SANDAG’s anticipated issuance has a final maturity of 2048 (36 years), and under current market conditions would result in a total all-in True Interest Cost (TIC) of approximately 4.27%.

Similarly, short-term fixed rates are exceptionally low and provide SANDAG with a refunding opportunity on the Series 2008 VRDBs and the associated interest rate swaps. The graph below compares the traditional fixed rate bond curve to the LIBOR swap curve (SANDAG’s existing interest rate swaps are based upon the LIBOR swap curve). When ancillary fees (i.e., bond liquidity costs and remarketing fees) are added to SANDAG’s swap index of 65% of LIBOR, the fixed bond rates are lower in the first 10 years. This market dynamic has made it economically viable to refund some of the early maturities of the Series 2008 VRDBs, through 2018, and terminate the same amount of the related interest rate swap, converting that portion to traditional fixed rate debt. This is described in more detail below.

**Status Update: Series 2012 Financing**

*$300 Million New Money Bonds:* This portion of the borrowing is being undertaken in order to continue funding the TransNet EAP. The new money bonds will be sold as traditional fixed rate bonds, taking advantage of the low long-term fixed rates in the current market. The bonds will structured with a final maturity of 2048 – consistent with the final maturity on the Series 2010 Bonds – and the debt service will be “wrapped” around the existing debt service to create overall level aggregate debt service through FY 2048. The bonds will be sold with a 10-year call feature, allowing SANDAG to call and restructure the bonds, at par, after 10 years. The estimated all-in True Interest Cost (TIC) is approximately 4.27% in today’s market. Annual debt service will increase from $49 million to $63 million with the
additional $300 million of bonds. FY 2011 sales tax revenue was $221.3 million, resulting in estimated annual debt service coverage of 3.54 times. This high debt service coverage should continue to support SANDAG’s high credit ratings.

**Series 2008 VRDB Partial Refunding and Swap Termination:** As described in the previous memo, low short-term fixed rates have created a market opportunity to refund and “fix out” some early maturities of the Series 2008 VRDBs and terminate the associated fixed payer swaps at no additional net cost to SANDAG—i.e., no change in debt service.

Taking into account the all-in cost of the Series 2008 VRDBs—including liquidity fees, and remarketing fees—SANDAG can achieve positive debt service savings through a fixed-rate refunding of a portion of the Series 2008 VRDBs. SANDAG would then use the savings to offset swap termination costs on a portion of the swap. The goal of this strategy is to identify a “break-even” point where bond interest savings equals the swap termination costs for a portion of SANDAG’s VRDBs, without introducing any new costs. Our analysis indicates that, at the time of this writing, SANDAG could refund the 2013 through 2018 maturities of the Series 2008 VRDBs—approximately $86 million in par—and terminate the swaps associated with those maturities while introducing no new costs.

The figure below illustrates the maturities currently contemplated in this refunding portion of the financing. Under current market conditions, SANDAG would “fix-out” the maturities marked with blue and gold and keep the green bars (2019 through 2038) outstanding as variable rate bonds, along with the related interest rate swaps.

Both the new money portion and the refunding portion would be integrated into SANDAG’s current debt service structure in order to create overall level debt service, which is summarized in the chart below:
As described by the figures below, converting $86 million of the Series 2008 VRDBs to fixed rate would reduce the amount of the variable rate bonds (synthetic fixed rate) from 62% to 52% in SANDAG’s portfolio. Issuing the $300 million new money portion as traditional fixed rate would further reduce the amount of variable rate bonds to 40%.

Importantly, this is an increased credit consideration for Moody’s and Standard & Poor’s, and the reduction of variable rate debt should be viewed favorably.

As described earlier, the size of the refunding portion of this transaction is very sensitive to market conditions. Interest rates will continue to change daily, and have exhibited volatility in recent weeks. As a result, the final size of the refunding would be established at the day of pricing.

**Conclusion**

The fixed rate market has continued to remain at near-historic lows, which (1) creates an attractive cost of borrowing for the $300 million new money portion required to fund the TransNet EAP, and (2) makes it economically feasible to conduct a partial refunding of maturities 2013 through 2018 of the Series 2008 VRDBs and a termination of a similar portion of the interest rate swaps, effectively converting $86 million of variable rate bonds to fixed rate bonds at no new net cost to SANDAG. The expected result would be an improved credit profile for SANDAG, reducing the amount of synthetic fixed rate bonds from 62% of the total portfolio to 40%.

We hope that you find this analysis informative and we would be pleased to answer any questions you may have. If you have any questions regarding this analysis please contact Peter Shellenberger at (415) 982-5544.
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

RESOLUTION NO. RC 2012-02

AUTHORIZING THE REFUNDING OF OUTSTANDING BONDS AND THE ISSUANCE OF
REFUNDING BONDS AND NOT TO EXCEED $300,000,000 AGGREGATE PRINCIPAL
AMOUNT OF ADDITIONAL SAN DIEGO COUNTY REGIONAL TRANSPORTATION
COMMISSION SALES TAX REVENUE BONDS (LIMITED TAX BONDS), THE
EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENTAL INDENTURE, A
PURCHASE CONTRACT, AN OFFICIAL STATEMENT AND A CONTINUING
DISCLOSURE AGREEMENT, AND DELEGATING TO THE CHAIR AND SECRETARY
OF THE BOARD AND EXECUTIVE DIRECTOR OF THE COMMISSION AND OTHER
AUTHORIZED REPRESENTATIVES POWER TO COMPLETE SAID DOCUMENTS,
AUTHORIZING DISTRIBUTION OF SAID DOCUMENTS AND AUTHORIZING TAKING
OF ALL NECESSARY ACTIONS

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

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

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

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

WHEREAS, the Board of Directors (the “Board”) of the Commission, pursuant to
the San Diego County Regional Transportation Commission Act (constituting Chapter 2 of
Division 12.7 of the California Public Utilities Code) and Chapter 6 of Part 1 of Division 2 of
Title 5 of the California Government Code, as referenced in said Act and 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 has heretofore issued $338,960,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) and $11,040,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds) (together, the “2010 Bonds”), pursuant to the Indenture, as amended and supplemented, including as amended and supplemented by a Third Supplemental Indenture thereto, entered into by the Commission and the Trustee;

WHEREAS, the Commission hereby determines to take advantage of opportunities to refund at fixed rates a portion of the 2008 Bonds and to terminate a corresponding portion of the interest rate swaps relating to the 2008 Bonds on conditions favorable to the Commission by the issuance of refunding bonds (the “Refunding Bonds”) thereby reducing the risks of the Commission to future liquidity costs and counterparty weaknesses;

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 million dollars ($300,000,000), 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, the 2010 Bonds and senior to the lien on such tax that secures the CP Notes, is necessary to provide additional funds for planned expenditures or the reimbursement of the Commission for prior expenditures as permitted by the Law and the Ordinance and as further described in the Ordinance, including, but not limited to, the funding of certain transportation facility and public infrastructure improvements within the County, the funding of habitat-related environmental mitigation and enhancement requirements, the funding of a reserve fund for such bonds, if any, 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), 2012 Series A” (the “2012 Series A Bonds”);
WHEREAS, the Commission hereby further determines that the 2012 Series A Bonds and the Refunding Bonds may be issued collectively as one series or in such series or subseries of such bonds as shall be convenient (collectively, the “Series 2012 Bonds”) and shall be issued pursuant to the Indenture and a Fourth Supplemental Indenture thereto (the “Fourth Supplemental Indenture”), to be entered into between the Commission and the Trustee, a proposed form of which Fourth Supplemental Indenture has been prepared and presented to the Commission;

WHEREAS, in order to set forth the terms of sale of the Series 2012 Bonds, the Commission proposes to enter into one or more bond purchase agreements (collectively, the “Purchase Contract”) with one or more representatives of its underwriters, being Barclays Capital Inc., J.P. Morgan Securities LLC, Goldman, Sachs & Co., Morgan Stanley & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the “Underwriters”) and a proposed form of Purchase Contract has been prepared and submitted to the Commission;

WHEREAS, in order to provide information about the Series 2012 Bonds and related matters to purchasers and potential purchasers of the Series 2012 Bonds, the Commission proposes to execute and deliver an official statement, a proposed form of which has been prepared and presented to the Commission in preliminary form (the “Preliminary Official Statement”);

WHEREAS, there has been prepared and presented to the Commission a proposed form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to be executed and delivered by the Commission to assist the Underwriters in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission;

WHEREAS, the Commission has been presented with the form of the Fourth Supplemental Indenture, the Purchase Contract, the Preliminary Official Statement, and the Continuing Disclosure Agreement relating to the financings 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 Fourth 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 $300,000,000 aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A in accordance with the provisions of the Indenture, in one or more series or subseries, in order to provide additional funds for planned expenditures or the reimbursement of the Commission for prior expenditures as permitted by the Law and the Ordinance and as further described in the Ordinance, including, but not limited to, the funding of certain transportation facility and public infrastructure improvements within the County, the funding of habitat-related environmental mitigation and enhancement requirements, the funding of a reserve fund for the Series 2012 Bonds, if any, and the payment of costs of issuance incurred in connection with the Series 2012 Bonds, is hereby authorized and approved.

Section 2. The issuance by the Commission of Refunding Bonds in an aggregate principal amount not to exceed $200,000,000 and limited to an amount necessary to redeem the portion of the 2008 Bonds to be refunded, to pay any related termination payment on the interest rate swaps related to the 2008 Bonds to be redeemed and the payment of the costs of issuance incurred in connection with the Refunding Bonds is hereby authorized and approved.

Section 3. The proposed form of Fourth 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 Fourth 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 Fourth 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 Fourth Supplemental Indenture. The structure, date, maturity date or dates (not to exceed April 1, 2048), interest rate or rates (not to exceed six and one-half percent (6.50%) per annum, and with a not to exceed six percent (6.00%) per annum true interest cost), 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 hereinafter defined Authorized Representative), mandatory purchase, additional series designation and number or letter thereof and other terms of the Series 2012 Bonds shall be (subject to the foregoing limitations) as provided in the Fourth Supplemental Indenture as finally executed and delivered.

Section 4. The proposed form of the Preliminary Official Statement describing the Series 2012 Bonds, the bond features that may be selected in connection with the issuance of the Series 2012 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 an 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 Preliminary Official Statement is “deemed
final” by the Commission for purposes of Securities and Exchange Commission Rule 15c2-12. The distribution by the Underwriters of copies of the Official Statement in final form to all actual purchasers of the Series 2012 Bonds and the distribution by the Underwriters of the Preliminary Official Statement to potential purchasers of the Series 2012 Bonds are hereby authorized and approved.

Section 5. The proposed form of Purchase Contract providing for the sale of the Series 2012 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 2012 Bonds to the Underwriters at not less than the principal amount thereof, less an underwriters’ discount (or subject to an underwriters’ fee payable by the Commission to the Underwriters) of not to exceed one percent (1.00%) of such principal amount (exclusive of any original issue discount) in accordance with said Purchase Contract and the costs of issuance to be financed with respect to any series of Series 2012 Bonds (exclusive of any swap termination payments) not to exceed one-half of one percent (.50%) of the proceeds of the sale of such series of Series 2012 Bonds, be and is hereby authorized and approved, and the Chair of the Board, the Executive Director of the Commission, the Chief Deputy Executive Director of the Commission or the Acting Director of Finance of the Commission or a designee of any such official (each an “Authorized Representative”), 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 2012 Bonds not to exceed $300,000,000 in aggregate principal amount for the 2012 Series A Bonds and not to exceed such principal amount of Refunding Bonds as is necessary to pay the redemption price, termination payments and costs of issuance related to the Refunding Bonds as the Authorized Representative determines is appropriate to meet the refunding objectives of the Commission, such issue or issues to be, at such principal amounts, with such interest rates, maturities and discounts to be specified therein, and with such additions thereto or changes therein, as the Authorized Representative executing the same, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Contract.

Section 6. The Authorized Representative is hereby authorized to amend, novate or terminate existing swap agreements and 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 “Hedging Agreement”) providing for the hedging of interest rates or the investment of moneys in any of the funds and accounts created under the Indenture or the Fourth Supplemental Indenture, on such terms as the Authorized Representative shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the Commission hereby finds and determines that the purpose of the Hedging Agreement is to reduce the amount and duration of interest rate risk with respect to bonds or amounts invested pursuant to the Hedging 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 2012 Bonds or the 2008 Bonds or enhance the relationship between risk and return with respect to investments.
Section 7. The Authorized Representative is hereby authorized and directed to execute and deliver a Continuing Disclosure Agreement in substantially the form before the Commission with such changes and additions as such officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The Chair and the Secretary of the Board, the Executive Director, Chief Deputy Executive Director and the Acting Director of Finance of the Commission, and other appropriate officers of the Board or the Commission, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Commission, to execute and deliver any and all documents, certificates and representations, including, without limitation, swap terminations or amendments, redemption notices, escrow agreements, credit documents, signature certificates, no-litigation certificates, tax certificates, letters of representation relating to book-entry registration, insurance agreements, reimbursement agreements, investment instructions, including investments in State and Local Government Series (SLGs) treasury securities, certificates concerning the contents of the Official Statement and the representations and warranties in the Purchase Contract and related agreements, and certificates, agreements, and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Commission has approved in this Resolution.

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 Authorized Representative, respectively.

Section 9. All approvals, consents, directions, instructions, notices, orders, requests, indemnifications and other actions permitted or required by any of the documents authorized by this Resolution or executed in connection with the 2008 Bonds, the 2010 Bonds, the Series 2012 Bonds or the CP Notes, including, without limitation, any amendment or substitution of any of the documents authorized by this Resolution or relating to any of the foregoing obligations that may be necessary or desirable in connection with any liquidity or credit facility, any swaps, any policy of bond insurance, any reserve facility, any investment of proceeds of any series of bonds, or in connection with any disclosure document, any agreements with trustees, paying agents, credit providers, liquidity providers, counterparties, remarketing agents, escrow agents, calculation agents or verification agents, may be given or taken by an Authorized Representative, without further authorization or direction by the Commission, and any and all such actions heretofore taken by such officers are hereby ratified, confirmed, and approved, and the Authorized Representatives are each hereby authorized and directed to execute such documents and give any such approval, amendment, consent, direction, instruction, notice, order, request, indemnification or other action and to take any such action that such person, with the advice of Bond Counsel, may deem necessary or desirable to further the purposes of this Resolution.
Section 10. All actions heretofore taken by the officers and agents of the Board or the Commission with respect to the rating, issuance, purchase, execution and delivery of the Series 2012 Bonds are hereby ratified, confirmed and approved.

Section 11. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED on May 11, 2012, 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 May 11, 2012, of which meeting all of said directors of the Commission had due notice and at which a majority thereof were present and acting throughout; and

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

AYES:

NOES:

ABSENT:

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

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

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

WITNESS my hand and the seal of the San Diego County Regional Transportation Commission this ___ day of ______ 2012.

[Seal]

______________________________
Secretary of the Board of Directors of the San Diego County Regional Transportation Commission
In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2012 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2012 Bonds. See “TAX MATTERS.”

Dated: Date of Delivery

The San Diego County Regional Transportation Commission (the “Commission”) will issue the Bonds described herein (the “Series 2012 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, a Second Supplemental Indenture, dated as of July 1, 2008, a Third Supplemental Indenture, dated as of October 1, 2010, and a Fourth Supplemental Indenture, dated as of June 1, 2012, the “Indenture”), between the Commission and U.S. Bank National Association, as trustee.

The Series 2012 Bonds are limited obligations of the Commission payable from the receipts of a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”) imposed in the County of San Diego (the “County”) for transportation and related purposes. Collection of the Sales Tax commenced on April 1, 1988. The Sales Tax is scheduled to expire on March 31, 2048. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS” herein.

Proceeds from the sale of the Series 2012 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, as defined herein, (ii) refund a portion of the 2008 Bonds (as defined herein) and terminate a corresponding portion of the interest rate swaps relating to the 2008 Bonds, and (iii) pay the costs of issuing the Series 2012 Bonds. See “FINANCING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The Series 2012 Bonds will be dated their date of delivery. The principal amounts, interest rates, maturity dates, and other information relating to the Series 2012 Bonds are summarized on the inside cover page hereof. The Commission will pay interest on the Series 2012 Bonds on April 1 and October 1 of each year, commencing on October 1, 2012. Investors may purchase the Series 2012 Bonds in book-entry form only. See APPENDIX E – BOOK-ENTRY ONLY SYSTEM.”

The Series 2012 Bonds are subject to optional and mandatory sinking fund redemption by the Commission prior to maturity as described herein. See “THE SERIES 2012 BONDS - Redemption.”


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

The Series 2012 Bonds are offered when, as and if issued by the Commission and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, and certain
other conditions. Certain legal matters will be passed on for the Commission by its General Counsel and by Fulbright & Jaworski L.L.P., Disclosure Counsel to the Commission, and for the Underwriters by their counsel, Nixon Peabody LLP. It is expected that the Series 2012 Bonds will be available for delivery through the book-entry facilities of The Depository Trust Company on or about June __, 2012.

Barclays

J.P. Morgan

Morgan Stanley

Goldman, Sachs & Co.

BofA Merrill Lynch

Dated: June __, 2012

* Preliminary, subject to change.
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS (LIMITED TAX BONDS)
2012 SERIES A

<table>
<thead>
<tr>
<th>Maturity (April 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP No. †</th>
</tr>
</thead>
</table>

$_________ _____% Term Bonds Due April 1, 20__ Yield: ____%  CUSIP No. † __________

* Preliminary, subject to change.
† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriters, the Financial Advisor or the Commission is responsible for the selection or correctness of the CUSIP numbers set forth herein.
This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the San Diego County Regional Transportation Commission (the “Commission”), 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 2012 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 2012 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Commission.

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute. Certain capitalized terms used but not defined herein are defined in APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions.”

In connection with the offering of the Series 2012 Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market prices of such Series 2012 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2012 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriters.
CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Commission in any way, regardless of the level of optimism communicated in the information. The Commission is not obligated to issue nor does it plan to issue any updates or revisions to the forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur.
EARLY ACTION PROJECTS
February 2012

1. SR 76:
   Widen highway

2. SR 52:
   Widen and extend highway

3. Mid-Coast:
   Transit: Old Town-UCSD
   Transit: UTC SuperLoop
   I-5 West to North Connector
   I-5Genesee Ave Interchange

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 805

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

Highway Projects
- Completed
- Under Construction
- Preliminary Engineering

Transit Projects
- Completed
- Under Construction
- Preliminary Engineering
- Light Rail Line
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

BOARD MEMBERS

CHAIR: Hon. Jerome Stocks
FIRST VICE-CHAIR: Hon. Jack Dale
SECOND VICE-CHAIR: Hon. Jim Janney

CITY OF CARLSBAD
Hon. Matt Hall, Mayor
(A) Hon. Ann Kulehini, Mayor Pro Tem
(A) Hon. Farrah Douglas, Councilmember

CITY OF LEMON GROVE
Hon. Mary Teresa Sessom, Mayor
(A) Hon. Jerry Jones, Mayor Pro Tem
(A) Hon. George Gastil, Councilmember

CITY OF SAN DIEGO
Hon. Ron Roberts, Chairman
(A) Hon. Greg Cox, Vice Chairman
(A) Hon. Pam Slater-Price, Supervisor
Hon. Bill Horn, Supervisor
(A) Hon. Dianne Jacob, Supervisor

CITY OF CHULA VISTA
Hon. Cheryl Cox, Mayor
(A) Hon. Pamela Bensoussan, Councilmember
(A) Hon. Rudy Ramirez, Councilmember

CITY OF NATIONAL CITY
Hon. Ron Morrison, Mayor
(A) Hon. Rosalie Zarate, Councilmember
(A) Hon. Alejandra Sotelo-Solis, Vice Mayor

IMPERIAL COUNTY
(Advisory Member)
Hon. John Renison, Supervisor, District 1
(A) Mark Baza, Executive Director, Imperial County Transportation Commission

CITY OF CORONADO
Hon. Carrie Downey, Councilmember
(A) Hon. Al Ovrom, Mayor Pro Tem
(A) Hon. Michael Worwode, Councilmember

CITY OF OCEANSIDE
Hon. Jim Wood, Mayor
(A) Hon. Jack Feller, Councilmember
(A) Hon. Gary Felien, Councilmember

CALIFORNIA DEPARTMENT OF TRANSPORTATION
(Advisory Member)
Malcolm Dougherty, Acting Director
(A) Laurie Berman, District 11 Director

CITY OF DEL MAR
Hon. Carl Hilliard, Mayor
(A) Hon. Terry Sinnott, Deputy Mayor
(A) Hon. Mark Filanc, Councilmember

CITY OF POWAY
Hon. Don Higginson, Mayor
(A) Hon. Jim Cunningham, Deputy Mayor
(A) Hon. John Mullin, Councilmember

METROPOLITAN TRANSIT SYSTEM
(Advisory Member)
Harry Mathis, Chairman
(A) Hon. Al Ovrom

CITY OF EL CAJON
Hon. Mark Lewis, Mayor
(A) Bill Wells, Councilmember

CITY OF OCEANSIDE
Hon. Jerry Sanders, Mayor
(A) Hon. Lorie Zapp, Councilmember
(A) Hon. David Alvarez, Councilmember
Hon. Anthony Young, Council President
(A) Hon. Todd Gloria, Councilmember
(A) Hon. Sherri Lightner, Councilmember

CITY OF ENCINITAS
Hon. Jerome Stocks, Mayor
(A) Hon. Kristin Gaspar, Deputy Mayor
(A) Hon. Teresa Barth, Councilmember

CITY OF SAN MARCOS
Hon. Jim Desmond, Mayor
(A) Hon. Hal Martin, Vice Mayor
(A) Hon. Rebecca Jones, Councilmember

UNITED STATES DEPARTMENT OF DEFENSE
(Advisory Member)
CAPT Clifford Maurer, USN, CEC, Southwest Division Naval Facilities Engineering Command
(A) CAPT Allan Stratman, USN, CEC, Southwest Division Naval Facilities Engineering Command

CITY OF ESCONDIDO
Hon. Sam Abed, Mayor
(A) Hon. Marie Waldron, Deputy Mayor
(A) Hon. Ed Gallo, Councilmember

CITY OF SANTEE
Hon. Jack Dale, Councilmember
(A) Hon. John Minto, Councilmember
(A) Hon. Rob McNelis, Vice Mayor

SAN DIEGO UNIFIED PORT DISTRICT
(Advisory Member)
Lou Smith, Chairman
(A) Lee Burdick, Commissioner

CITY OF IMPERIAL BEACH
Hon. Jim Janney, Mayor
(A) Hon. Jim King, Councilmember
(A) Hon. Lorie Bragg, Councilmember

CITY OF SOLANA BEACH
Hon. Lesa Heebner, Councilmember
(A) Hon. Mike Nichols, Councilmember
(A) Hon. Dave Roberts, Deputy Mayor

SAN DIEGO COUNTY WATER AUTHORITY
(Advisory Member)
Javier Saunders, Director
(A) John Linden, Director

CITY OF LA MESA
Hon. Art Madrid, Mayor
(A) Hon. Ruth Sterling, Councilmember

CITY OF VISTA
Hon. Judy Ritter, Mayor
(A) Hon. David Cowles, Councilmember
(A) Hon. John Aguilera, Councilmember

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION
(Advisory Member)
Hon. Edwin 'Thorpe' Romero, Barona Band of Mission Indians
Hon. Allen Lawson, Chairman, San Pasqual Band of Diegueño Indians
(A) Hon. Robert Smith, Pala Band of Mission Indians

MEXICO (CONSUL GENERAL OF MEXICO)
(Advisory Member)
Hon. Remedios Gómez-Arnau, Cónsul General of Mexico
(A) Hon. Fernando Vargas B., Deputy Cónsul General of Mexico

24
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

MANAGEMENT

EXECUTIVE DIRECTOR
Gary L. Gallegos

CHIEF DEPUTY
EXECUTIVE DIRECTOR
Renée Wasmund

GENERAL COUNSEL
John F. Kirk

DIRECTOR OF MOBILITY MANAGEMENT AND PROJECT IMPLEMENTATION
Jim Linthicum

ACTING DIRECTOR OF FINANCE
Leslie Campbell

DIRECTOR OF LAND USE AND TRANSPORTATION PLANNING
Charles “Muggs” Stoll

TransNet AND LEGISLATIVE AFFAIRS PROGRAM DIRECTOR
Kim Kawada

__________________________

FINANCIAL ADVISOR
Public Financial Management Inc.
San Francisco, California

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

DISCLOSURE COUNSEL
Fulbright & Jaworski L.L.P.
Los Angeles, 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</td>
<td>1</td>
</tr>
<tr>
<td>General</td>
<td>1</td>
</tr>
<tr>
<td>Authority for Issuance</td>
<td>1</td>
</tr>
<tr>
<td>Security for the Series 2012 Bonds</td>
<td>1</td>
</tr>
<tr>
<td>Application of Series 2012 Bond Proceeds</td>
<td>2</td>
</tr>
<tr>
<td>The Commission and SANDAG</td>
<td>2</td>
</tr>
<tr>
<td>Additional Bonds and Parity Obligations</td>
<td>2</td>
</tr>
<tr>
<td>Amendment to Indenture</td>
<td>3</td>
</tr>
<tr>
<td>DESCRIPTION OF THE SERIES 2012 BONDS</td>
<td>3</td>
</tr>
<tr>
<td>General</td>
<td>3</td>
</tr>
<tr>
<td>Redemption</td>
<td>3</td>
</tr>
<tr>
<td>General Redemption Provisions</td>
<td>4</td>
</tr>
<tr>
<td>SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS</td>
<td>5</td>
</tr>
<tr>
<td>Pledge of Sales Tax Revenues</td>
<td>5</td>
</tr>
<tr>
<td>Revenue Fund; Allocation of Sales Tax Revenues</td>
<td>6</td>
</tr>
<tr>
<td>No Bond Reserve Fund for the Series 2012 Bonds</td>
<td>8</td>
</tr>
<tr>
<td>Issuance of Additional Series of Bonds</td>
<td>8</td>
</tr>
<tr>
<td>Amendment to Indenture Regarding Issuance of Additional Bonds</td>
<td>9</td>
</tr>
<tr>
<td>Parity Obligations</td>
<td>9</td>
</tr>
<tr>
<td>Refunding Bonds</td>
<td>9</td>
</tr>
<tr>
<td>Subordinate Obligations</td>
<td>10</td>
</tr>
<tr>
<td>FINANCING PLAN</td>
<td>10</td>
</tr>
<tr>
<td>The Refunding and Partial Swap Terminations</td>
<td>10</td>
</tr>
<tr>
<td>The Project</td>
<td>10</td>
</tr>
<tr>
<td>ESTIMATED SOURCES AND USES OF FUNDS</td>
<td>11</td>
</tr>
<tr>
<td>OUTSTANDING OBLIGATIONS</td>
<td>11</td>
</tr>
<tr>
<td>Sales Tax Revenue Obligations</td>
<td>11</td>
</tr>
<tr>
<td>Interest Rate Swap Agreements</td>
<td>12</td>
</tr>
<tr>
<td>Liquidity Facilities</td>
<td>13</td>
</tr>
<tr>
<td>Future Financings</td>
<td>14</td>
</tr>
<tr>
<td>DEBT SERVICE SCHEDULE</td>
<td>15</td>
</tr>
<tr>
<td>SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION</td>
<td>16</td>
</tr>
<tr>
<td>General</td>
<td>16</td>
</tr>
<tr>
<td>The Expenditure Plan</td>
<td>16</td>
</tr>
<tr>
<td>Executive Staff</td>
<td>18</td>
</tr>
<tr>
<td>Recent Developments – SANDAG Acquisition of Southbay Expressway Toll Concession</td>
<td>20</td>
</tr>
<tr>
<td>THE SALES TAX</td>
<td>21</td>
</tr>
<tr>
<td>Authorization, Application and Collection of the Sales Tax</td>
<td>21</td>
</tr>
<tr>
<td>Historical Sales Tax Revenues</td>
<td>22</td>
</tr>
<tr>
<td>Other Sales Taxes Imposed in the County</td>
<td>24</td>
</tr>
</tbody>
</table>
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMISSION INVESTMENT PORTFOLIO</td>
</tr>
<tr>
<td>RISK FACTORS</td>
</tr>
<tr>
<td>Economy of the County and the State</td>
</tr>
<tr>
<td>Other Sales Taxes</td>
</tr>
<tr>
<td>No Acceleration Provision Except for Liquidity Facility Bonds</td>
</tr>
<tr>
<td>Parity with Variable Rate Bonds</td>
</tr>
<tr>
<td>Limitations of the 2008 Liquidity Facilities</td>
</tr>
<tr>
<td>Loss of Subsidy Payments</td>
</tr>
<tr>
<td>Loss of Tax Exemption</td>
</tr>
<tr>
<td>Impact of Bankruptcy of the Commission</td>
</tr>
<tr>
<td>Proposition 218</td>
</tr>
<tr>
<td>Further Initiatives</td>
</tr>
<tr>
<td>ABSENCE OF MATERIAL LITIGATION</td>
</tr>
<tr>
<td>TAX MATTERS</td>
</tr>
<tr>
<td>LEGAL MATTERS</td>
</tr>
<tr>
<td>CONTINUING DISCLOSURE</td>
</tr>
<tr>
<td>RATINGS</td>
</tr>
<tr>
<td>UNDERWRITING</td>
</tr>
<tr>
<td>Purchase of the Series 2012 Bonds</td>
</tr>
<tr>
<td>Retail Brokerage Arrangements</td>
</tr>
<tr>
<td>FINANCIAL ADVISOR</td>
</tr>
<tr>
<td>RELATIONSHIP OF CERTAIN PARTIES</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS</td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
</tr>
</tbody>
</table>

**APPENDIX A** – SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

**APPENDIX B** – INFORMATION REGARDING THE COUNTY OF SAN DIEGO

**APPENDIX C** – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE
INDENTURE

**APPENDIX D** – FORM OF CONTINUING DISCLOSURE AGREEMENT

**APPENDIX E** – BOOK-ENTRY ONLY SYSTEM

**APPENDIX F** – PROPOSED FORM OF OPINION OF BOND COUNSEL
OFFICIAL STATEMENT

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS (LIMITED TAX BONDS)
2012 SERIES A

INTRODUCTION

General

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the issuance and sale by the San Diego County Regional Transportation Commission (the “Commission”) of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A (the “Series 2012 Bonds”) in the aggregate principal amount of $________*. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” or, if not defined therein, in the Indenture.

Authority for Issuance

Pursuant to the San Diego County Regional Transportation Commission Act, Chapter 2 of Division 12.7 (Sections 132000 and following) of the Public Utilities Code of the State of California, (the “Act”), the Commission is authorized to issue indebtedness payable in whole or in part from Sales Tax Revenues (defined below). The Series 2012 Bonds will be issued and secured pursuant to the Indenture, dated as of March 1, 2008, between the Commission and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented by a First Supplemental Indenture, dated as of March 1, 2008, a Second Supplemental Indenture, dated as of July 1, 2008, a Third Supplemental Indenture, dated as of October 1, 2010, and a Fourth Supplemental Indenture, dated as of June 1, 2012 and, as so supplemented and as further supplemented from time to time pursuant to its terms, is referred to herein as the “Indenture.”

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

Security for the Series 2012 Bonds

The Series 2012 Bonds are limited obligations of the Commission secured by a pledge of sales tax revenues (herein called the “Sales Tax Revenues”) derived from a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”), imposed in accordance with the Act and the California Transactions and Use Tax Law (Revenue and Taxation Code Section 7251 and following), net of an administrative fee paid to the California State Board of Equalization (the “BOE”) in connection with the collection and disbursement of the Sales Tax. On November 3, 1987, a majority of County voters approved the San Diego County Transportation Improvement Program Ordinance and Expenditure Plan (as amended, the “1987 Ordinance”) which imposed the Sales Tax in the County for a 20-year period. Under the 1987 Ordinance, the Sales Tax was scheduled to expire on April 1, 2008. On November 2, 2004, more than two-thirds of County voters approved the San Diego County Transportation Improvement Program TransNet Ordinance and Expenditure Plan (the “Sales Tax Extension Ordinance” and, together with the 1987 Ordinance, the “Ordinance”) which provided for an extension of the Sales Tax through March 31, 2048. The Series 2012 Bonds are further secured by a pledge of certain amounts

*Preliminary, subject to change.
Application of Series 2012 Bond Proceeds

The Commission will apply the proceeds of the Series 2012 Bonds to: (i) finance, refinance and/or reimburse the Commission for its prior payment of the Costs of the Project (as defined below), (ii) refund a portion of the 2008 Bonds (as defined herein) and to terminate a corresponding portion of the interest rate swaps relating to the 2008 Bonds, and (iii) pay the costs of issuing the Series 2012 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “FINANCING PLAN.” No debt service reserve will be funded for the Series 2012 Bonds.

The Commission and SANDAG

The San Diego Association of Governments (“SANDAG”) is designated under state legislation as responsible for the implementation of the original TransNet (1987) and the TransNet Extension (2004) Ordinances. The SANDAG Board of Directors, acting as the Board of Commissioners of the San Diego County Regional Transportation Commission (the “Commission”) is authorized, acting by motion, resolution or ordinance and in accordance with the bylaws, and all rules and regulations of SANDAG, to enter into contracts, including the issuance of bonds payable from proceeds of the Sales Tax.

The Commission is responsible for the implementation and administration of transportation improvement programs funded with the Sales Tax. The Commission is authorized to receive sales tax revenues after deduction of required State Board of Equalization costs, approve programs and projects for funding, and adopt implementing ordinances, rules, policies, and take such other actions as may be necessary and appropriate to carry out its responsibilities.

In 2003, state legislation required the consolidation of the planning, programming, project development, and construction functions of the agencies currently known as San Diego Metropolitan Transit System (“MTS”) and North County Transit District (“NCTD”) into SANDAG. SANDAG is now responsible for transit planning, programming, project implementation, and construction of transit projects in the region. Neither SANDAG nor the Commission operates public transit services. MTS and NCTD operate such services within the County. The liabilities of SANDAG are not liabilities of the Commission. See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION.”

Additional Bonds and Parity Obligations

The Commission has issued the Series 2008 Bonds, the Series 2010 Bonds and intends to issue the Series 2012 Bonds, all as defined herein. Such Bonds and any additional bonds hereafter authorized by, and at any time Outstanding under, the Indenture are referred to collectively herein as “Bonds.” 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 (as defined herein) and any other Interest Rate Swap Agreements (as defined herein), subject to compliance with the terms and provisions set forth in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS – Additional Bonds and Parity Obligations” and APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Additional Bonds and Other Obligations.” The Commission has issued Commercial Paper Notes on a basis subordinate to the Bonds and regularly scheduled payments on the Initial Swaps and the Basis Swap Overlays, as described herein. See “OUTSTANDING OBLIGATIONS.”
Amendment to Indenture

Pursuant to the Fourth Supplemental Indenture relating to the Series 2012 Bonds, the coverage requirement for the issuance of a Series of additional Bonds will be increased from 1.3 times to 2.0 times upon delivery of certain required consents. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS – Amendment to Indenture Regarding Issuance of Additional Bonds.”

DESCRIPTION OF THE SERIES 2012 BONDS

General

The Series 2012 Bonds are being issued by the Commission pursuant to the Indenture and the Act. The Series 2012 Bonds will be dated their date of delivery and will mature on the dates and in the amounts shown on the inside cover page of this Official Statement. Interest on the Series 2012 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Commission will issue the Series 2012 Bonds as fully registered bonds in denominations of $5,000 or any integral multiple thereof. The Commission will pay interest on the Series 2012 Bonds on April 1 and October 1 of each year, commencing on October 1, 2012 (each an “Interest Payment Date”).

The Series 2012 Bonds will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2012 Bonds. Investors may purchase Series 2012 Bonds in book-entry form only. Beneficial Owners of the Series 2012 Bonds will not receive physical certificates representing their ownership interest in the Series 2012 Bonds purchased. Payments of principal and interest on the Series 2012 Bonds will be made to DTC, and DTC will distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Series 2012 Bonds is the responsibility of DTC’s Direct and Indirect Participants and not the Commission. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

Redemption*

Optional Redemption. The Series 2012 Bonds maturing after April 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after April 1, 20__, as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

Selection of Bonds for Optional Redemption. The Commission shall designate which maturities of any Series 2012 Bonds are to be called for optional redemption pursuant to the Indenture. If less than all Series 2012 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2012 Bonds of such maturity date to be redeemed by lot and shall promptly notify the Commission in writing of the numbers of the Series 2012 Bonds so selected for redemption. For purposes of such selection, Series 2012 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event Series 2012 Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under the Indenture, or portions thereof, that are to be reduced as allocated to such redemption.

Mandatory Redemption of 2012 Bonds. The Series 2012 Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for

*Preliminary, subject to change.
such Series 2012 Bonds, on each date a Mandatory Sinking Account Payment for such Series 2012 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 Series 2012 Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

<table>
<thead>
<tr>
<th>Redemption Date (April 1)</th>
<th>Mandatory Sinking Account Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Final Maturity.

_selection of Series 2012 Bonds for Mandatory Sinking Account Redemption._ If less than all Series 2012 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 Series 2012 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 Series 2012 Bonds so selected for redemption. For purposes of such selection, Series 2012 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

**General Redemption Provisions**

_Notice of Redemption._ Each notice of redemption of Series 2012 Bonds shall be mailed by the Trustee, not less than twenty (20) nor more than ninety (90) days prior to the redemption date, to each Holder of Series 2012 Bonds and each of the Repositories. A copy of such notice shall also be provided to each of the Notice Parties with respect to the Series 2012 Bonds. Notice of redemption to the Holders of Series 2012 Bonds, the Repositories and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the Series 2012 Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Series 2012 Bonds of such maturity, if any, to be redeemed and, in the case of Series 2012 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2012 Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Series 2012 Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2012 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Commission nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Series 2012 Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Commission nor the Trustee shall be liable for any inaccuracy in such CUSIP numbers.

_Conditional Notice of Redemption; Rescission._ With respect to any notice of optional redemption of Series 2012 Bonds, unless, upon the giving of such notice, such Series 2012 Bonds shall be deemed to have been paid pursuant to the terms of the Indenture, such notice is to state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such
redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Series 2012 Bonds to be redeemed, and that if such amounts shall not have been so received said notice will be of no force and effect and the Commission will not be required to redeem such Series 2012 Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given. The Commission may, at its option, on or prior to the date fixed for redemption in any notice of redemption, rescind and cancel such notice of redemption by Written Request of the Commission to the Trustee, and the Trustee is to mail notice of such cancellation to the recipients of the notice of redemption.

**Effect of Redemption.** Notice of redemption having been duly given pursuant to the Indenture and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2012 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Series 2012 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 2012 Bonds so called for redemption shall cease to accrue, and said Series 2012 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of such Series 2012 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 2012 Bonds redeemed pursuant to the provisions described herein shall be cancelled upon surrender.

**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 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 amounts held in the Rebate Fund, any Letter of Credit Account 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 BOE for costs and expenses for its services in connection with the Sales Tax. See “THE SALES TAX.”

The Commission’s Sales Tax Revenue Bonds (Limited Tax Bonds) (Taxable Build America Bonds) 2010 Series A (the “2010 Series A Bonds”) were issued as “Build America Bonds.” The Commission expects to pay a portion of the interest on the 2010 Series A Bonds from Subsidy Payments pledged thereto under the Indenture. The Commission covenants in the Indenture to comply with all of the conditions to the receipt of the Subsidy Payments and the Indenture provides that the Commission will cause the Subsidy Payments to be sent to the Trustee for deposit to the Interest Fund. See “OUTSTANDING OBLIGATIONS – Sales Tax Revenue Bonds - Series 2010 Bonds” and “RISK FACTORS – Loss of Subsidy Payments.”

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 – “DEFINITIONS AND 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 Interest Fund, the 2008 Bonds Reserve Fund to the extent of any deficiency therein, the Rebate Fund, a Letter of Credit Account or any Purchase Fund or Project Fund or for which particular instructions are provided) will also be deposited in the Revenue Fund.

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 interest rate Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Variable Rate Indebtedness calculated, if the actual rate of interest is not known, at the interest rate specified by the Commission, or if the Commission has not specified an interest rate, at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one percent (1%); subject to such adjustments as are provided pursuant to the provisions of the Indenture. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.” All Subsidy Payments received with respect to the 2010 Series A Bonds and all Swap Revenues received with respect to 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.

If the Sales Tax Revenues shall not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts will be made on a proportionate basis, in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

No deposit need be made into the Principal Fund so long as there is in such fund (i) moneys 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 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.”

3. **Bond Reserve Funds.** The Indenture also requires the Trustee to make deposits to any of the Bond Reserve Funds established pursuant to the provisions of the Indenture as soon as possible in each month in which any deficiency in any Bond Reserve Fund occurs, until the balance in such Bond Reserve Fund is at least equal to the applicable Bond Reserve Requirement. See APPENDIX C – “DEFINITIONS AND 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 – “DEFINITIONS AND 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.

No Bond Reserve Fund for the Series 2012 Bonds

No Bond Reserve Fund will be established for the Series 2012 Bonds under the Indenture.

Issuance of Additional Series of Bonds

The Commission may by Supplemental Indenture establish one or more Series of Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2008 Bonds, the Series 2010 Bonds and the Series 2012 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 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions” and “Establishment and Application of Funds and Accounts – Funding and Application of Bond Reserve Funds.”

(c) The Commission shall have placed on file with the Trustee a Certificate of the Commission, certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of 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, including Investment Securities and interest to be payable thereon, with the Trustee or other fiduciary in escrow specifically therefor and interest payments are excluded to the extent that such interest payments are to be paid from the proceeds of Obligations, including Investment Securities and interest to be payable thereon, held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or from pledged Subsidy Payments the Commission expects to receive.

Nothing in the Indenture will prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of 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.

**Amendment to Indenture Regarding Issuance of Additional Bonds**

Pursuant to the Fourth Supplemental Indenture, the reference to “1.3 times” in paragraph (c) above will be changed to “2.0 times” on the date which is the later of: (i) the date of execution and delivery of the Fourth Supplemental Indenture, and (ii) the date on which the Commission and the Trustee receive consents to such amendment from each Credit Provider, each Liquidity Provider, each Counterparty and the provider of the credit facility for the Subordinate Commercial Paper Notes.

**Parity Obligations**

As defined in the Indenture, “Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Commission for borrowed money or the Initial Swaps, the Basis Rate Swap Overlays, or any other Interest Rate Swap Agreement (excluding, in each case, fees and expenses and termination payments on Interest Rate Swap Agreements which fees and expenses and termination payments shall be secured by a lien and charge on the Sales Tax Revenues subordinate to the lien and charge upon the Sales Tax Revenues which 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 which will have, when issued, an equal lien and charge upon the Sales Tax Revenues, provided that the conditions to the issuance of such Parity Obligations set forth in the Indenture are satisfied, including satisfaction of the coverage test described in paragraph (c) above under the caption “Issuance of Additional Series of Bonds,” unless such Parity Obligations are being issued for refunding purposes, in which case the coverage test shall not apply.

**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.
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 outstanding Subordinate Obligations currently consist of the Subordinate Commercial Paper Notes in the authorized amount of $100,000,000 and the credit facility for the Subordinate Commercial Paper Notes. Any termination payments under the Commission’s Initial Swaps and fees and expenses due under the 2008 Liquidity Facilities (as defined herein) are payable from Sales Tax Revenues on a basis subordinate to the Subordinate Obligations.

FINANCING PLAN

The Commission will apply the proceeds of the Series 2012 Bonds to: (i) finance, refinance and/or reimburse the Commission for its prior payment of the Costs of the Project, (ii) refund a portion of the 2008 Bonds (as defined herein) and terminate a corresponding portion of the interest rate swaps relating to the 2008 Bonds, and (iii) pay the costs of issuing the Series 2012 Bonds.

The Refunding and Partial Swap Terminations

The Commission plans to call for redemption and redeem on June 14*, 2012 approximately $117 million aggregate principal amount of Series 2008 Bonds with a portion of the proceeds of the Series 2012 Bonds, depending on market conditions. Such redeemed amount will be allocated to the mandatory sinking fund payments of the Series 2008 Bonds scheduled to occur on or before April 1, 2021. The amounts redeemed, the redemption date and the allocated sinking fund payments are subject to change and are dependent on the Commission meeting its refunding objectives. A corresponding notional amount of the Initial Swaps will be terminated with any termination payment payable by the Commission funded from proceeds of the Series 2012 Bonds.

Based on certain assumptions as to interest rates, liquidity fees and other expenses related to the Series 2008 Bonds, it is the Commission’s objective that the debt service on the Series 2012 Bonds attributable to the redemption and swap terminations not exceed the projected debt service, swap payments and expenses relating to the Series 2008 Bonds being redeemed and portion of Initial Swaps being terminated.

The Project

The Project consists of the TransNet Early Action Program (the “TransNet EAP”) (depicted in the map on page i of this Official Statement) and 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 Commission may use some or all of the Series 2012 Bond proceeds on other projects, as permitted by applicable law.

* Preliminary, subject to change.
## ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of proceeds of the Series 2012 Bonds are shown below:

### Estimated Sources of Funds:
- Principal Amount of Series 2012 Bonds: $
- Net Original Issue [Premium/Discount]: $
- **Total:** $

### Estimated Uses of Funds:
- Deposit to Project Fund: $
- Deposit to Redemption Fund:
- Swap Termination Payments:
- Costs of Issuance\(^{(1)}\):
- **Total:** $

\(^{(1)}\) Includes Underwriters’ discount; rating agency, financial advisory, legal and Trustee fees, printing costs and other miscellaneous expenses.

## OUTSTANDING OBLIGATIONS

### Sales Tax Revenue Obligations

**Series 2008 Bonds.** On March 27, 2008, the Commission issued its Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, 2008 Series B, 2008 Series C and 2008 Series D (collectively, the “Series 2008 Bonds”) in the aggregate principal amount of $600,000,000. The Series 2008 Bonds are secured by a pledge of Sales Tax Revenues on a parity with the Series 2010 Bonds and the Series 2012 Bonds, defined below, and are currently Outstanding in the aggregate principal amount of $533,800,000. The Series 2008 Bonds are variable rate demand obligations and currently bear interest at a weekly interest rate. The Commission has entered into certain Initial Swaps in connection with the Series 2008 Bonds pursuant to which the Commission pays fixed rates. The final maturity date for the Series 2008 Bonds is April 1, 2038. See “OUTSTANDING OBLIGATIONS – Sales Tax Revenue Bonds – Liquidity Facilities” and “– Interest Rate Swap Agreements.” A portion of the Series 2008 Bonds may be refunded with a portion of the proceeds of the Series 2012 Bonds. See “FINANCING PLAN – The Refunding and Partial Swap Terminations.”

**2008 Bonds 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 Series 2008 Bonds and any other Series of Additional Bonds or Refunding Bonds or portions thereof (in each case, payable on a parity with the Series 2008 Bonds from, and secured as to payment on a parity with the Series 2008 Bonds by the Revenues and other funds) issued and designated, by a Supplemental Indenture, to be secured by and entitled to the pledge and benefit of the 2008 Bonds Reserve Fund. The Commission has not designated the Series 2010 Bonds, and does not intend to designate the Series 2012 Bonds, as 2008 Reserve Fund Eligible Bonds.

**Series 2010 Bonds.** On November 10, 2010, the Commission issued its $338,960,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) and its $11,040,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (collectively, the “Series 2010 Bonds”). The Series 2010 Bonds are secured by a pledge of Sales Tax Revenues on a parity with the Series 2008 Bonds and the Series 2012 Bonds and are currently Outstanding in the aggregate principal amount of $348,980,000. The Series 2010 Bonds have a final maturity date of April 1, 2048.
The 2010 Series A Bonds were issued as “Build America Bonds.” The amount of any subsidy payments to be received in connection with the 2010 Series A Bonds (the “Subsidy Payments”) are subject to legislative changes by the United States Congress. Further, Subsidy Payments will only be paid if the 2010 Series A Bonds continue to qualify as Build America Bonds. If the Commission does not receive the Subsidy Payments, the Commission has pledged Sales Tax Revenues to pay debt service on the 2010 Series A Bonds. See “RISK FACTORS – Loss of Subsidy Payments.”

**Subordinate Commercial Paper Notes.** 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 “Subordinate Commercial Paper Notes”) secured by a lien on the Sales Tax Revenues that is subordinate to the lien of the Bonds and any Parity Obligations. The total principal amount of Subordinate Commercial Paper Notes that are authorized to be issued may not exceed $100,000,000. A portion of the proceeds of the issuance of the Series 2008 Bonds (described in the following paragraph) were used to retire all Subordinate Commercial Paper Notes outstanding at the time of the issuance of the Series 2008 Bonds. A portion of the Series 2010 Bonds were also used to retire Subordinate Commercial Paper Notes. Since the issuance of the Series 2008 Bonds, the Commission has issued additional Subordinate Commercial Paper Notes. As of May 1, 2012, $33,821,000 in the aggregate principal amount of Subordinate Commercial Paper Notes were outstanding.

Under a Memorandum of Understanding, dated as of June 1, 2008 (the “Certificate Purchase MOU”), by and between the Commission (referred to therein as SANDAG) and NCTD, the Commission agreed to issue $34,000,000 in Subordinate Commercial Paper Notes to purchase outstanding Certificates of Participation evidencing payments by NCTD under a Lease Agreement, dated as of July 1, 2004 (the “NCTD Certificates”), the proceeds of which funded the NCTD “SPRINTER” rail line. Under the Certificate Purchase MOU, while the Commission holds the NCTD Certificates, they will bear interest at a rate equal to the weighted average interest rate on the Subordinate Commercial Paper Notes and will be subject to a new amortization schedule of approximately level principal payments through September 1, 2034.

**Interest Rate Swap Agreements**

**Initial Swaps.** In November 2005, the Commission entered into three interest rate swap agreements (the “Initial Swaps”) in an initial aggregate notional amount of $600,000,000 or $200,000,000 each. The Initial Swaps became effective as of April 1, 2008 and the notional amounts amortize in tandem with the amortization of the Series 2008 Bonds. The Commission’s obligation to make regularly scheduled payments to the counterparties under the Initial Swaps is payable from and secured by Sales Tax Revenues on a parity basis with the 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. 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 which secures the Bonds, any Parity Obligations and other Subordinate Obligations, including the Subordinate Commercial Paper Notes. A portion of the Series 2008 Bonds may be refunded with a portion of the proceeds of the Series 2012 Bonds and a corresponding portion of the Initial Swaps associated with such Series 2008 Bonds may be terminated. See “FINANCING PLAN – The Refunding and Partial Swap Terminations.” As of April 27, 2012, if the Initial Swaps were terminated in full, the Commission would owe a termination payment of approximately $125,704,000.
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</th>
<th>Floating Rate</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</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>Derivative Products, L.P.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank of America, N.A.</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.** 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”), each with Barclays Bank PLC (“Barclays”) and each with the initial notional amount of $156,600,000. Pursuant to the terms of the Basis Rate Swap Overlays, the Commission agreed to pay to Barclays the SIFMA Swap Index and Barclays agreed to pay the Commission 107.4 percent of 3-month LIBOR on the first day of each month, commencing on May 1, 2018, for the last 20 years of two of the Initial Swaps. The Commission’s obligation to make regularly scheduled swap payments to Barclays under the Basis Rate Swap Overlays is payable from and secured by Sales Tax Revenues on a parity basis with the Bonds. Under certain circumstances, the Basis Rate Swap Overlays may be terminated, at which time the Commission may be required to make a termination payment to the applicable counterparty; as of April 27, 2012, if the Basis Rate Swap Overlays were terminated in full, the Commission would be owed approximately $15,583,000. Under the terms of the Basis Rate Swap Overlays, the Commission may terminate the agreement and cash settle with prior written notice. Termination payments payable in accordance with the provisions of the Basis Rate Swap Overlays are secured by a lien on the Sales Tax Revenues subordinate to the lien that secures the Bonds, any Parity Obligations and Subordinate Obligations, including the Subordinate Commercial Paper Notes.

**Liquidity Facilities**

The 2008 Series A Bonds and the 2008 Series B Bonds are supported by a Standby Bond Purchase Agreement by and among JPMorgan Chase Bank, National Association, the Commission and the Trustee, as amended, including by a Fourth Amendment to Standby Bond Purchase Agreement, dated as of March 1, 2012 (as amended, the “JPMorgan Liquidity Facility”). The JPMorgan Liquidity Facility will expire on March 24, 2014, prior to the final maturity of the 2008 Series A Bonds and the 2008 Series B Bonds, unless extended or terminated in accordance with its terms.

The 2008 Series C Bonds are supported by a Standby Bond Purchase Agreement by and among Mizuho Corporate Bank, Ltd., acting through its New York Branch, the Commission and the Trustee (the “Mizuho Liquidity Facility”). The Mizuho Liquidity Facility will expire on September 26, 2014, prior to the final maturity of the 2008 Series C Bonds, unless extended or terminated in accordance with its terms.

The 2008 Series D Bonds are supported by a Standby Bond Purchase Agreement by and among California State Teachers’ Retirement System, State Street Bank and Trust Company, the Commission and the Trustee (the “CalSTRS/State Street Liquidity Facility” and, together with the JPMorgan Liquidity Facility and the Mizuho Liquidity Facility, the “2008 Liquidity Facilities”). The CalSTRS/State Street Liquidity Facility will expire on September 28, 2015, prior to the final maturity of the 2008 Series D Bonds, unless extended or terminated in accordance with its terms.
Future Financings

The Commission anticipates issuing additional Bonds from time to time, in addition to the outstanding Series 2008 Bonds, the Series 2010 Bonds and the Series 2012 Bonds, to fund transportation projects authorized under the Expenditure Plan. Furthermore, the Commission is authorized to issue up to $100,000,000 of Subordinate Commercial Paper 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 2012 BONDS—Additional Bonds and Parity Obligations.”

The following table shows the annual debt service requirements with respect to the Series 2008 Bonds, the Series 2010 Bonds and the Series 2012 Bonds.
DEBT SERVICE SCHEDULE

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Series 2008 Bonds&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Series 2010 Bonds&lt;sup&gt;(2)&lt;/sup&gt;</th>
<th>Principal</th>
<th>Interest</th>
<th>Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2013</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2014</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2015</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2016</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2017</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2018</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2019</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2020</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2021</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2022</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2023</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2024</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2025</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2026</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2027</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2028</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2029</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2030</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2031</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2032</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2033</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2034</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2035</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2036</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2037</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2038</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2039</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2040</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2041</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2042</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2043</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2044</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2045</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2046</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2047</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2048</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
</tr>
</tbody>
</table>

<sup>(1)</sup> 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%. A portion of the Series 2008 Bonds may be refunded with a portion of the proceeds of the Series 2012 Bonds and a portion of the Initial Swaps associated with such Series 2008 Bonds may be terminated. See “FINANCING PLAN – The Refunding and Partial Swap Terminations.”

<sup>(2)</sup> Net of Subsidy Payments (as defined hereafter).
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

General

The Commission was organized pursuant to the Act and is responsible for providing improvements to the transportation system and other public infrastructure systems in San Diego County funded with the Sales Tax. To carry out this responsibility, the Commission adopted in 1987 the initial San Diego County Transportation Improvement Program Ordinance (Commission Ordinance 87-1 – Proposition A, 1987) (referred to herein as the “1987 Ordinance”). In 2004, the Commission adopted the San Diego County Transportation Improvement Program TransNet Ordinance and Expenditure Plan (Commission Ordinance 04-01), referred to herein as the “2004 Sales Tax Extension Ordinance,” which provides for an extension of the retail transactions and use tax implemented by the initial 1987 Ordinance for a 40-year period commencing on April 1, 2008. See “– The Expenditure Plan” below. The Commission Board is composed of the SANDAG Board of Directors. However, the liabilities of SANDAG are not liabilities of the Commission.

On January 1, 2003, Senate Bill 1703 took effect, changing the structure of SANDAG from a Joint Powers Authority to a State-created regional government agency. The effect of this legislation was to make SANDAG a permanent rather than voluntary association of local governments and to increase SANDAG’s responsibilities and powers. The SANDAG Board of Directors consists of voting representatives from the County and 18 incorporated cities within the County. Supplementing these voting members are advisory representatives from Imperial County, the U.S. Department of Defense, Caltrans, San Diego Unified Port District, Metropolitan Transit System, NCTD, San Diego County Water Authority, Southern California Tribal Chairmen’s Association, and Mexico. Policy Advisory Committees assist the SANDAG Board of Directors in carrying out the agency’s work program. The SANDAG Board of Directors is also assisted by a professional staff of approximately 250 planners, engineers, research specialists, and supporting staff.

Senate Bill 1703 also required the consolidation of the planning, programming, project development, and construction functions of MTS and NCTD into SANDAG. SANDAG is responsible for transit planning, programming, project implementation, and construction of transit projects in the region. Neither the Commission nor SANDAG operates transit services. Transit operations in the County are the responsibility of MTS and NCTD.

On October 28, 2011, the SANDAG Board of Directors adopted the 2050 Regional Transportation Plan (“2050 RTP”), which describes a plan for investing local, State and federal transportation funds expected to come into the region over the next 40 years. Pending litigation against SANDAG broadly alleges that the programmatic Environmental Impact Report (“EIR”) prepared for the 2050 RTP is inconsistent with the California Environmental Quality Act. Among other things, the Plaintiffs’ request injunctive relief, which, if granted, could stay construction of projects listed in the 2050 RTP until after SANDAG corrects any alleged deficiencies in the EIR. Certain projects managed by the Commission are included in the 2050 RTP. The Commission believes that the likelihood of any stay prohibiting work on projects already under construction is remote.

The Expenditure Plan

The 1987 Ordinance and the 2004 Sales Tax Extension Ordinance each outline a series of projects (together, the “Expenditure Plan”) to be completed during the term of the Sales Tax. The Ordinance specifies that Sales Tax Revenues are to be distributed according to the following diagram.
To implement the Expenditure Plan, the Commission annually adopts finance plan updates (each, a “TransNet Plan of Finance”) that describe major program revenue, cost and project budget and schedule assumptions. Each TransNet Plan of Finance adopted by the Commission sets forth projected cash flow and borrowing requirements during the term of the program covered by such plan. The TransNet Early Action Program (depicted in the map on page i of this Official Statement) 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 to be financed by the proceeds of Bonds, Sales Tax Revenues, and eligible federal, state, and local revenues.

The current distribution of funds in the 2011 TransNet Plan of Finance assumes $1.85 billion (28%) in federal funds, $1.77 billion (27%) in State funds, $269 million (4%) in local funds and $2.7 billion (41%) in TransNet bond and sales tax proceeds. Overall, the TransNet funds leverage the program with 59% of program funds from other sources.

In response to changing conditions, the TransNet Plan of Finance is updated on an annual basis. The update includes the latest project cost estimates, actual revenues received, and estimated revenue projections. The update allows the Commission to assess the strength of the program and appropriate changes to the implementation of the Project. In recent years and in response to economic conditions where costs have dropped even more than sales tax collections, the Board has accelerated projects to take advantage of a construction bid environment that has continued to offer bids significantly below engineering estimates. During periods when costs were rising faster than revenues, the Commission has deferred the implementation of certain projects to allow the TransNET Plan of Finance to remain focused on the highest priority projects.

On November 18, 2011, the Commission unanimously approved the “2011 TransNet Plan of Finance,” which includes a “robust” scenario to advance several TransNet projects to construction and prepare the next “shelf” of TransNet projects for future funding. The 2011 TransNet Plan of Finance provided for the use of TransNet funds for SANDAG’s acquisition of the State Route 125 (SR 125) toll road (the “Southbay Expressway”). See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION – Recent Developments – SANDAG Acquisition of Southbay Expressway Toll Concession.”

As a guiding principle, the Commission’s primary borrowing is focused on three capital programs: (1) Major Corridor Capital Projects; (2) Major Corridor Environmental Mitigation Program (“EMP”); and (3) Local Project EMP, which comprise 44.2 percent of allocated funds from the 2004 Sales Tax Extension Ordinance as shown on the diagram on the preceding page. The remaining Sales Tax Revenues are allocated to current expenses for the remaining programs. From time to time, at the request of member agencies (local jurisdictions), the Commission may borrow for local street and road capital improvements, with the debt service for these improvements paid from each respective agency’s share of Local Street & Road Formula Funds.

Executive Staff

The SANDAG staff serves as staff to the Commission. Key staff members, the position held by each and a brief statement of the background of each staff member are set forth below.

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, approved budget, and all personnel decisions. Mr. Gallegos was appointed by the SANDAG Board of Directors 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.

**Renée 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.

**John F. Kirk**, General Counsel. Mr. Kirk was appointed General Counsel for SANDAG and the Commission in January 2012. Mr. Kirk was originally hired by SANDAG as Deputy General Counsel in June 2006. Between 1990 and 2006 Mr. Kirk served the City of San Diego as a Deputy City Attorney. Mr. Kirk holds a Bachelors’ degree from Wabash College and a Juris Doctorate from Pepperdine University’s School of Law.

**Leslie Campbell**, Acting Director of Finance. Leslie Campbell retired from SANDAG in 2008 and in April 2012 was appointed as the Acting Director of Finance, to serve while SANDAG recruits for the Director of Finance position. The Director of Finance serves as the Chief Financial Officer and directs all financial and programming functions for SANDAG and the Commission. Prior to her retirement, Ms. Campbell was the Director of Administration at SANDAG. Previously, Ms. Campbell worked for Caltrans where she was Deputy Director for Administration at the Caltrans San Diego office and also held various budget management positions at the Caltrans Headquarters office in Sacramento. Prior to her service with Caltrans, Ms. Campbell also worked for 17 years in the California Attorney General’s Office/Department of Justice for a combined total of over 36 years in state and local public service. Ms. Campbell holds a degree in Social Sciences from the University of San Francisco School of Management.

**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 24 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 of Caltrans in Sacramento. 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 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 policies. 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 17 years and previously worked for the City of Laguna Niguel. She is a graduate of Brown University with a Bachelor of Arts in American History.

**Recent Developments – SANDAG Acquisition of Southbay Expressway Toll Concession**

The Southbay Expressway is a 9.3-mile, four-lane toll road located near the City of Chula Vista in the southeastern portion of the County, originally constructed and operated by a private owner/operator under a Development Franchise Agreement (the “DFA”) with the California Department of Transportation (“Caltrans”). On December 22, 2011, SANDAG acquired the private owner/operator’s rights and assumed the obligations under the DFA to operate, maintain, and collect tolls on the Southbay Expressway. The purchase price that SANDAG paid for the rights under the Southbay Expressway DFA was approximately $341.5 million. The components of the purchase price consisted of approximately $247.5 million borrowed from the Commission and evidenced by a promissory note made by SANDAG (the “TransNet Note”), the assumption of an existing Transportation Infrastructure Finance and Innovation Act loan funded by the U.S. Department of Transportation (“DOT”) in the principal amount of approximately $92.5 million (the “TIFIA Loan”) and the issuance to DOT of a subordinate promissory note in the principal amount of approximately $1.5 million (the “Series D Note”). The Commission used proceeds of its 2010 Series A Bonds to make the loan to SANDAG evidenced by the TransNet Note.

The Commission recently amended the Expenditure Plan to remove approximately $192 million of funding for two reversible high-occupancy vehicle lanes on Interstate 805 north of SR 54 and to replace such projects with an equivalent amount of funding for SANDAG’s acquisition of the Southbay Expressway. The swap of the Interstate 805 high-occupancy vehicle lanes with the Southbay Expressway
reflected in this Expenditure Plan amendment caused the principal amount of the TransNet Note to be decreased to approximately $55 million. By its terms, SANDAG will repay amounts owed to the Commission under the TransNet Note solely from toll revenues generated by the Southbay Expressway, on a subordinate basis after the payment of operations and maintenance costs and debt service on the TIFIA Loan. Debt service on the Series D Note is subordinate to the TransNet Note and is not payable until the TransNet Note is paid in full and other SANDAG capital reserves are fully funded.

Toll revenues collected from users of the Southbay Expressway will be the sole source of funds to satisfy SANDAG’s obligations under its franchise agreement with Caltrans, the TIFIA Loan, the TransNet Note and the Series D Note, including the payment of operations, maintenance and debt service costs. No Sales Tax Revenues, other than amounts pledged to pay debt service on the 2010 Series A Bonds, are or will be pledged to secure or used to make payments with respect to the Southbay Expressway. SANDAG’s acquisition of the rights and assumption of the obligations relating the Southbay Expressway will not have a material adverse effect on the Commission’s ability to pay debt service on the Bonds, including the Series 2012 Bonds.

THE SALES TAX

Authorization, Application and Collection of the Sales Tax

The Commission is authorized by the Act to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County in accordance with California’s Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251 et seq.), upon authorization by a majority of the electors voting on the issue. On November 3, 1987, the voters approved the 1987 Ordinance which imposed the Sales Tax in the County for a twenty-year period. On November 2, 2004, more than two-thirds of the voters approved the Sales Tax Extension Ordinance which, among other things, extended the collection of the tax to March 31, 2048. The Ordinance imposes the Sales Tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and upon the storage, use or other consumption in the County of such property purchased from any retailer for storage use or other consumption in the County, subject to certain limited exceptions described below.

Collection of the Sales Tax is administered by the BOE. The BOE, after deducting a fee for administering the Sales Tax, remits the remaining Sales Tax Revenues to the Trustee which are then applied to satisfy the Commission’s obligations with respect to the Bonds and Parity Obligations. The remaining Sales Tax Revenues are then remitted to the Trustee for the Commission’s Subordinate Obligations, including the Subordinate Commercial Paper Notes. After payment of debt service requirements on the Subordinate Obligations, any remaining unapplied Sales Tax Revenues are then remitted to the Trustee for payment of certain fees and expenses and thereafter to the Commission. The fee charged by the BOE is determined by the BOE pursuant to statute. The fee charged by the BOE to the Commission for collection of the Sales Tax for Fiscal Year 2011 was $2,501,240 and to date for Fiscal Year 2012 is $1,830,600. The fee that the BOE is authorized to charge for collection of the Sales Tax is determined by State legislation and may be increased or decreased by legislative action. There can be no assurances that the amount of this fee or the method for determining the amount of the fee will remain the same.

The Sales Tax is imposed in addition to a seven and one quarter percent sales and use tax levied statewide by the State. In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the
application of the use tax generally is to purchases made outside of the State for use within the State, subject to certain exceptions.

Many categories of transactions are exempt from the Statewide sales and use tax and from the Sales Tax. The most important are: sales of food products for home consumption; prescription medicine; edible livestock and their feed; seed and fertilizer used in raising food for human consumption; and gas, electricity and water when delivered to consumers through mains, lines, and pipes. In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from the statewide sales and use tax and from the Sales Tax. Action by the State legislature or by voter initiative could change the transactions and items upon which the Statewide sales and use tax and the Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The Commission is not currently aware of any proposed legislative change, which would have a material adverse effect on Sales Tax Revenues. See also “RISK FACTORS – Proposition 218.”

**Historical Sales Tax Revenues**

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, 1990 through June 30, 2011.

[Remainder of page intentionally left blank.]
**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION**  
**HISTORICAL SALES TAX REVENUES**

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Sales Tax Revenues⁽¹⁾</th>
<th>% Change From Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>$113,758,624</td>
<td>--</td>
</tr>
<tr>
<td>1991</td>
<td>109,806,529</td>
<td>(3.5)%</td>
</tr>
<tr>
<td>1992</td>
<td>106,105,958</td>
<td>(3.4)</td>
</tr>
<tr>
<td>1993</td>
<td>111,783,116</td>
<td>5.4</td>
</tr>
<tr>
<td>1994</td>
<td>111,461,846</td>
<td>(0.3)⁽²⁾</td>
</tr>
<tr>
<td>1995</td>
<td>114,303,387</td>
<td>2.5</td>
</tr>
<tr>
<td>1996</td>
<td>123,511,934</td>
<td>8.1</td>
</tr>
<tr>
<td>1997</td>
<td>131,592,528</td>
<td>6.5</td>
</tr>
<tr>
<td>1998</td>
<td>145,754,155</td>
<td>10.8</td>
</tr>
<tr>
<td>1999</td>
<td>156,909,677</td>
<td>7.7</td>
</tr>
<tr>
<td>2000</td>
<td>172,274,619</td>
<td>9.8</td>
</tr>
<tr>
<td>2001</td>
<td>189,795,888</td>
<td>10.2</td>
</tr>
<tr>
<td>2002</td>
<td>192,836,199</td>
<td>1.6</td>
</tr>
<tr>
<td>2003</td>
<td>200,600,386</td>
<td>4.0</td>
</tr>
<tr>
<td>2004</td>
<td>213,230,634</td>
<td>6.3</td>
</tr>
<tr>
<td>2005</td>
<td>228,562,785</td>
<td>7.2</td>
</tr>
<tr>
<td>2006</td>
<td>243,317,789</td>
<td>6.5</td>
</tr>
<tr>
<td>2007</td>
<td>247,924,394</td>
<td>1.9</td>
</tr>
<tr>
<td>2008</td>
<td>244,406,219</td>
<td>(1.4)</td>
</tr>
<tr>
<td>2009</td>
<td>221,991,360</td>
<td>(9.2)</td>
</tr>
<tr>
<td>2010</td>
<td>204,191,747</td>
<td>(8.0)</td>
</tr>
<tr>
<td>2011</td>
<td>221,304,014</td>
<td>8.4</td>
</tr>
</tbody>
</table>

⁽¹⁾ Cash basis, net of BOE administrative fee.  
⁽²⁾ Reflects, in part, effect of increase in BOE administration fee in 1994.  
Source: San Diego County Regional Transportation Commission.

Annual Sales Tax Revenues received for the Fiscal Year ended June 30, 2011 totaled $221,304,014. The amount of such annual Sales Tax Revenues is approximately ____ times Maximum Annual Debt Service on the Series 2008 Bonds, the Series 2010 Bonds (net of the Subsidy Payments) and the Series 2012 Bonds, based on the debt service shown in the table “DEBT SERVICE SCHEDULE” herein.

Following declines in Sales Tax Revenues which began in Fiscal Year 2008, the first increase in Sales Tax Revenues occurred in Fiscal Year 2011, when Sales Tax Revenues grew 8.4 percent over the prior Fiscal Year. Although there can be no assurances that Sales Tax Revenues will continue to increase, this positive trend has continued into the third quarter of Fiscal Year 2012. The following table shows the Sales Tax remitted to the Commission during the quarters indicated for the Fiscal Year ended June 30, 2011 and the Fiscal Year ending June 30, 2012.
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
HISTORICAL QUARTERLY SALES TAX REVENUES

<table>
<thead>
<tr>
<th>Fiscal Quarter</th>
<th>Sales Tax Revenues(1)</th>
<th>% Change from Prior Year’s Fiscal Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Quarter 2011</td>
<td>$54,023,173</td>
<td>7.8%</td>
</tr>
<tr>
<td>Second Quarter 2011</td>
<td>56,480,414</td>
<td>8.3</td>
</tr>
<tr>
<td>Third Quarter 2011</td>
<td>55,429,535</td>
<td>8.0</td>
</tr>
<tr>
<td>Fourth Quarter 2011</td>
<td>55,370,892</td>
<td>9.4</td>
</tr>
<tr>
<td>First Quarter 2012</td>
<td>57,520,522</td>
<td>6.5</td>
</tr>
<tr>
<td>Second Quarter 2012</td>
<td>60,119,497</td>
<td>6.4</td>
</tr>
<tr>
<td>Third Quarter 2012</td>
<td>60,082,307</td>
<td>8.4</td>
</tr>
</tbody>
</table>

(1) Cash basis, net of BOE administrative fee.

Other Sales Taxes Imposed in the County

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the 7.25% sales and use tax levied statewide by the State. Governor Brown has proposed increasing the State sales and use tax by 0.25% for the next four years. This proposal must first obtain sufficient signatures to qualify as a ballot measure, and if qualified will be considered by the voters of the State in November 2012. The Commission is unable to predict whether such ballot measure will be successful. Further, the State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. See “RISK FACTORS – Other Sales Taxes.”

In addition to the statewide sales and use tax and the Sales Tax, the following sales and use taxes are imposed in certain cities within the County. No portion of the statewide sales and use tax or the following taxes imposed in certain cities within the County are pledged to the repayment of the Series 2012 Bonds.

<table>
<thead>
<tr>
<th>Sales and Use Tax</th>
<th>Amount</th>
<th>Effective Date</th>
<th>Termination Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of El Cajon Service Preservation Transactions and Use Tax</td>
<td>0.50%</td>
<td>04/01/09</td>
<td>03/31/29</td>
</tr>
<tr>
<td>City of El Cajon Public Safety Facilities Transactions and Use Tax</td>
<td>0.50</td>
<td>04/01/05</td>
<td>03/31/15</td>
</tr>
<tr>
<td>City of La Mesa Transactions and Use Tax</td>
<td>0.75</td>
<td>04/01/09</td>
<td>03/31/29</td>
</tr>
<tr>
<td>City of National City Transactions and Use Tax</td>
<td>1.00</td>
<td>10/01/06</td>
<td>09/30/16</td>
</tr>
<tr>
<td>City of Vista Transactions and Use Tax</td>
<td>0.50</td>
<td>04/01/07</td>
<td>03/31/37</td>
</tr>
</tbody>
</table>

Source: California City and County Sales and Use Tax Rates (November 1, 2011), California State Board of Equalization.

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.”
COMMISSION INVESTMENT PORTFOLIO

Funds of the Commission are invested pursuant to an investment policy adopted by the Commission Board, which permits the Commission to invest in some (but not all) of the types of securities authorized by State law for the investment of funds of local agencies (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, 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 Board 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 March 31, 2012. Accordingly, there can be no assurance that if these securities had been sold on March 31, 2012, 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.

As of March 31, 2012, the average maturity of the Commission’s portfolio was 493 days, with an average yield of approximately 0.60%.
INVESTMENT PORTFOLIO INFORMATION
as of March 31, 2012

<table>
<thead>
<tr>
<th>Investments</th>
<th>Percent of Portfolio (Market Value)</th>
<th>Par Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash or Cash Equivalents</td>
<td>27.6%</td>
<td>$138,550,693</td>
<td>$138,550,693</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>46.0%</td>
<td>227,659,000</td>
<td>230,686,117</td>
</tr>
<tr>
<td>Corporate Medium Term Notes</td>
<td>10.9%</td>
<td>52,778,000</td>
<td>54,487,542</td>
</tr>
<tr>
<td>Municipal Bond/Notes</td>
<td>0.3%</td>
<td>1,425,000</td>
<td>1,568,911</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>6.6%</td>
<td>32,900,000</td>
<td>32,900,000</td>
</tr>
<tr>
<td>TOTAL SECURITIES</td>
<td>100.0% (1)</td>
<td>$496,996,912</td>
<td>$501,877,481</td>
</tr>
</tbody>
</table>

(1) Totals may not add due to rounding.
Source: The Commission.

RISK FACTORS

Economy of the County and the State

The Series 2012 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. 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 2012 Bonds. For information relating to economic conditions within the County and the State, see APPENDIX B – “INFORMATION REGARDING THE COUNTY OF SAN DIEGO.”

Other Sales Taxes

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the 7.25% sales and use tax levied statewide by the State. Governor Brown has proposed increasing the State sales and use tax by 0.25% for the next four years. This proposal must first obtain sufficient signatures to qualify as a ballot measure, and if qualified will be considered by the voters of the State in November 2012. The Commission is unable to predict whether such ballot measure will be successful. In addition, the State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. In addition, the Sales Tax is imposed generally on the same transactions and items subject to sales and use taxes levied by certain cities within the County. See “THE SALES TAX – Other Sales Taxes Imposed in the County.”
**No Acceleration Provision Except for Liquidity Facility Bonds**

The Indenture does not contain a provision allowing for the acceleration of the Series 2012 Bonds in the event of a default in the payment of principal and interest on the Series 2012 Bonds when due. In the event of a default by the Commission, each Holder of a Series 2012 Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” The amortization period applicable to the Liquidity Facility Bonds, however, may be accelerated under certain circumstances. The Commission’s obligation to reimburse certain Liquidity Providers on account of the purchase of any of the Series 2008 Bonds that are tendered for purchase and not successfully remarketed may, under specified circumstances, be paid over a period of five years or, if earlier, by no later than the last day of the Purchase Period, and may, under certain circumstances, become immediately due and payable on the one hundred eighty-fifth (180th) day following the date on which any Series 2008 Bond became a Liquidity Facility Bond. Liquidity Facility Bonds are payable on a parity with the Bonds.

**Parity with Variable Rate Bonds**

The Series 2008 Bonds are variable rate bonds issued on parity with the Series 2010 Bonds and the Series 2012 Bonds. The calculation of interest on the Series 2008 Bonds is set weekly. Potential fluctuations in interest rates could result in higher net interest rates on the Series 2008 Bonds. The Series 2008 Bonds are subject to tender provisions and remarketing by the remarketing agents for such Series 2008 Bonds. Upon a failure to remarket the Series 2008 Bonds, the Series 2008 Bonds will be purchased pursuant to the 2008 Liquidity Facilities, in which event the Series 2008 Bonds could bear interest at materially higher interest rates. Furthermore, in the event of early termination of the Initial Swaps, the Commission would no longer receive the variable rate payments from the counterparties thereunder. A portion of the Series 2008 Bonds may be refunded with a portion of the proceeds of the Series 2012 Bonds. See “FINANCING PLAN – The Refunding and Partial Swap Terminations.”

**Limitations of the 2008 Liquidity Facilities**

The ability to obtain funds under a 2008 Liquidity Facility in accordance with its terms may be limited by federal or State law. Bankruptcy, conservatorship, receivership and similar laws governing financial institutions or any issuer of a 2008 Liquidity Facility may prevent or restrict payment under such 2008 Liquidity Facility. To the extent the short-term rating on any Series of the 2008 Bonds depends in any manner on the rating of the Liquidity Provider, the short-term ratings on such Series of 2008 Bonds could be downgraded or withdrawn if the Liquidity Provider were to be downgraded, placed on credit watch or have its ratings suspended or withdrawn or were to refuse to perform under its 2008 Liquidity Facility.

The obligation of the Liquidity Providers under each 2008 Liquidity Facility to purchase unremarketed 2008 Bonds of a Series is subject to the conditions and limitations set forth therein, and is also subject to all rights and defenses available to contracting parties generally. The 2008 Liquidity Facilities are not a guaranty to pay the purchase price of any Series of 2008 Bonds tendered for purchase. Each 2008 Liquidity Facility is a general contract, subject to certain conditions and limitations, and is not a letter of credit. Purchasers of any 2008 Bonds should consult their legal counsel for an explanation of the differences between a general contract and a letter of credit or guaranty. The following is included as a summary of selected differences and does not purport to be complete or definitive.

In general, a letter of credit is an independent, special contract by a bank to pay a third party such as a bond trustee holding the letter of credit for the benefit of owners of such bonds. Banks are required by law to honor their letters of credit except in specified circumstances. If a dispute were to develop
between a bank and its borrower, except in limited circumstances, the dispute should not jeopardize payment under the letter of credit because (a) the letter of credit would be independent of the disputed contract between the borrower and the bank and (b) the beneficiary of the letter of credit (typically, the bond trustee) would have direct rights under the letter of credit. Further, and although there are defenses to payment of letters of credit, such defenses are limited by law to specified circumstances.

In contrast, a standby bond purchase agreement, such as the 2008 Liquidity Facility, is merely a general contract. No law expressly requires performance of the contract, although the non-breaching party would be entitled to allowable damages if there were a breach of contract. Although the Trustee is authorized to draw funds in accordance with each 2008 Liquidity Facility, the Liquidity Provider has no independent obligation to the Trustee. If a dispute were to develop, the Liquidity Provider will have all defenses allowed at law or in equity to their payment under or other performance of the 2008 Liquidity Facility, including but not limited to disputes (whether valid or not) regarding the authority of any party to enter into or perform under the 2008 Liquidity Facility. In general, the provider of a standby bond purchase agreement has more defenses against performance than the provider of a letter of credit.

A Liquidity Provider or the Commission may seek to have any future dispute resolved in court and appealed to final judgment before it performs under the applicable 2008 Liquidity Facility. Further, even if the Commission were to prevail against the Liquidity Provider, a court would not necessarily order the Liquidity Provider to perform under the applicable 2008 Liquidity Facility; it could instead award damages for breach of contract to the Commission. Any such award would not necessarily be in an amount sufficient to pay the purchase price of the applicable Series of 2008 Bonds.

**Loss of Subsidy Payments**

The 2010 Series A Bonds were issued as “Build America Bonds.” The amount of any subsidy payments to be received in connection with the 2010 Series A Bonds (the “Subsidy Payments”) are subject to legislative changes by the United States Congress. Further, Subsidy Payments will only be paid if the 2010 Series A Bonds continue to qualify as Build America Bonds. For the 2010 Series A Bonds to remain Build America Bonds, the Commission must comply with certain covenants with respect to the 2010 Series A Bonds, the use and investment of proceeds thereof and the use of property financed thereby. Thus, it is possible that the Commission may not receive the Subsidy Payments. Subsidy Payments are also subject to offset against amounts that may, for unrelated reasons, be owed by the Commission to any agency of the United States of America. The Commission does not believe that failure to receive the Subsidy Payments or any offset to the Subsidy Payments will materially and adversely impact the Commission’s ability to pay interest on the 2010 Series A Bonds. If the Commission does not receive the Subsidy Payments, the Commission has pledged Sales Tax Revenues to pay debt service on the 2010 Series A Bonds.

**Loss of Tax Exemption**

As discussed under “TAX MATTERS,” interest on the Series 2012 Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2012 Bonds, including as a result of acts or omissions of the Commission subsequent to the issuance of the Series 2012 Bonds. Should interest become includable in federal gross income, the Series 2012 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

**Impact of Bankruptcy of the Commission**

As a municipal entity, the Commission may be qualified to file a petition under Chapter 9 of the United States Bankruptcy Code (“Chapter 9”) under certain circumstances. In a Chapter 9 bankruptcy,
the pledge of Sales Tax Revenues to the Trustee for the benefit of owners of the Series 2012 Bonds will be enforceable only if a bankruptcy court determines that the Sales Tax Revenues are special revenues under Chapter 9 (“Special Revenues”).

The results of Chapter 9 proceedings are difficult to predict. The fact that the Sales Tax was specifically levied to finance the projects described in the San Diego County Transportation Improvement Program TransNet Ordinance and Expenditure Plan (under this caption, the “Project”) would support a determination that the Sales Tax Revenues constitute Special Revenues. However, if a bankruptcy court concludes that the Sales Tax is a general sales tax levied to finance the general purposes of the Commission as well as the Project, the court could rule that the Sales Tax Revenues do not constitute Special Revenues. If the Sales Tax Revenues are held not to be Special Revenues, the owners of the Series 2012 Bonds would no longer be entitled to any lien on the Sales Tax Revenues and may be treated as general unsecured creditors of the Commission.

If a bankruptcy court rules that the Sales Tax Revenues constitute Special Revenues, the court could further rule that the pledge is subordinate to the payment of necessary operating expenses of the Project. In order to make such a ruling, however, the court must first determine that the Sales Tax Revenues are “derived from” the Project. Such a determination does not appear to be supported by the facts and would involve the court holding that an indirect nexus is sufficient to find that sales taxes specifically levied to finance a transportation project are “derived from” the transportation system.

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. In 2004, the Sales Tax Extension Ordinance 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 2012 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will ultimately be determined by the courts.

Further Initiatives

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, which may affect the Commission’s ability to levy and collect the Sales Tax.

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 2012 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 Series 2012 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 further opinion of Bond Counsel, interest on the Series 2012 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on the Series 2012 Bonds. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in Appendix F.

To the extent the issue price of any maturity of the Series 2012 Bonds is less than the amount to be paid at maturity of such Series 2012 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2012 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2012 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2012 Bonds is the first price at which a substantial amount of such maturity of the Series 2012 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2012 Bonds accrues daily over the term to maturity of such Series 2012 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2012 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2012 Bonds. Beneficial owners of the Series 2012 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2012 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2012 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2012 Bonds is sold to the public.

Series 2012 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2012 Bonds. The Commission has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2012 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 Series 2012 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2012 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 Series 2012 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2012 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 Series 2012 Bonds is excluded from gross income for federal income tax purposes and that the interest on the Series 2012 Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2012 Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2012 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration recently announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Series 2012 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2012 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2012 Bonds. Prospective purchasers of the Series 2012 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Series 2012 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 2012 Bonds ends with the issuance of the Series 2012 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 Series 2012 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 Commission legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2012 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 2012 Bonds, and may cause the Commission or the beneficial owners to incur significant expense.
LEGAL MATTERS

The validity of the Series 2012 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission. A complete copy of the proposed form of opinion of Bond Counsel is attached as Appendix F hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Commission by its General Counsel and by Fulbright & Jaworski L.L.P., as Disclosure Counsel, and for the Underwriters by their counsel Nixon Peabody LLP. Compensation paid to Bond Counsel, Disclosure Counsel and Underwriters’ Counsel is contingent on the successful issuance of the Series 2012 Bonds.

CONTINUING DISCLOSURE

The Commission has agreed to execute a continuing disclosure agreement (the “Continuing Disclosure Agreement”), which provides for disclosure obligations on the part of the Commission while the Series 2012 Bonds remain Outstanding. Under the Continuing Disclosure Agreement, the Commission will covenant for the benefit of owners of the Series 2012 Bonds to provide certain financial information and operating data relating to the Commission by not later than two hundred and ten (210) days after the end of the prior fiscal year, commencing with the fiscal year ending June 30, 2012 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notice Events”) in a timely manner. The Annual Reports and the Notice Events will be filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system. These covenants will be made to assist the Underwriters of the Series 2012 Bonds in complying with the Rule 15c2-12 (the “Rule”) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The Commission has not failed in the previous five years to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

RATINGS

Moody’s Investors Service and Standard & Poor’s Ratings Services have assigned ratings on the Series 2012 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 the Series 2012 Bonds.

UNDERWRITING

Purchase of the Series 2012 Bonds

The Commission has entered into a Bond Purchase Agreement (the “Purchase Agreement”) with respect to the Series 2012 Bonds with Barclays Capital Inc., on behalf of itself and as representative of the underwriters named therein and set forth on the cover page hereof (collectively, the “Underwriters”), pursuant to which the Underwriters will agree, subject to certain conditions, to purchase the Series 2012 Bonds.
Bonds for reoffering at a price of $_________, which represents the aggregate principal amount of the Bonds, less an Underwriters’ discount of $_______, [plus/minus] a net original issue [premium/discount] of $_______.

The Purchase Agreement provides that the Underwriters will purchase all of the Series 2012 Bonds if any are purchased. The Series 2012 Bonds may be offered and sold by the Underwriters to certain dealers and others at yields higher than the public offering yields indicated on the inside cover hereof, and such public offering yields may by changed from time to time by the Underwriters. The Underwriters agree to make a public offering of the Series 2012 Bonds. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2012 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The following two paragraphs have been provided by and are being included in this Official Statement at the request of the Underwriters. The Commission does not assume any responsibility for the accuracy or completeness of such statements or information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Commission, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commission.

Retail Brokerage Arrangements

The following three paragraphs have been provided by and are being included in this Official Statement at the request of the respective Underwriters. The Commission does not assume any responsibility for the accuracy or completeness of such statements or information.

Goldman, Sachs & Co., one of the Underwriters of the Series 2012 Bonds, has entered into a master dealer agreement (the “Master Dealer Agreement”) with Incapital LLC (“Incapital”) for the distribution of certain municipal securities offerings, including the Series 2012 Bonds, to Incapital’s retail distribution network at the initial public offering prices. Pursuant to the Master Dealer Agreement, Incapital will purchase the Series 2012 Bonds from Goldman Sachs at the initial public offering price less a negotiated portion of the selling concession applicable to any Series 2012 Bonds that Incapital sells.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series 2012 Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of UBS Financial Services Inc. (“UBSFS”) and Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Series 2012 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2012 Bonds that such firm sells.
Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2012 Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2012 Bonds.

FINANCIAL ADVISOR

The Commission has retained Public Financial Management Inc., San Francisco, California, as financial advisor (the “Financial Advisor”) in connection with the Series 2012 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.

RELATIONSHIP OF CERTAIN PARTIES


Goldman Sachs Mitsui Marine Derivative Products, L.P. (“Goldman Mitsui Marine”) is a counterparty to an interest rate swap agreement with respect to the Series 2008 Bonds. The Goldman Sachs Group, L.P. is a partner of Goldman Mitsui Marine and is affiliated with Goldman, Sachs & Co.

Barclays Bank PLC is the counterparty to the Commission’s two Basis Rate Swap Overlays. Barclays Bank and Barclays Capital Inc. are affiliated with Barclays PLC.


JPMorgan Chase Bank, N.A. is the Liquidity Provider for the 2008 Series A Bonds and the 2008 Series B Bonds and is an affiliate of J.P. Morgan Securities LLC, an Underwriter of the Series 2012 Bonds.

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

Financial information relating to the Commission is included in the Commission’s Audited Financial Statements for the Fiscal Year Ended June 30, 2011, which are included as part of Appendix A to this Official Statement. The financial statements of the Commission included in Appendix A have been audited by Mayer Hoffman McCann P.C., Certified Public Accountants (the “Auditors”), as stated in their report appearing in Appendix A. The Auditors were not requested to consent to the inclusion of their report in Appendix A, nor have they undertaken to update their report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditors with respect to any event subsequent to the date of their report.
MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Commission and holders of any of the Series 2012 Bonds. All quotations from and summaries and explanations of the Indenture, the Act and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.
Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: __________________________

Executive Director
APPENDIX A

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
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”). Such information was obtained from the County and from sources the Commission believes to be reliable as of the latest date when such information was available. The Commission takes no responsibility for the accuracy or completeness of such information.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The County is the southernmost major metropolitan area in the State of California (the “State”). The County covers 4,261 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the size of the State of Connecticut.

The topography of the County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east which rise to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of the County. The 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.

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 $1.4 Billion in calendar year 2011 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 the County include Carlsbad, Chula Vista, Oceanside, El Cajon, Escondido, San Marcos, and Vista. Most County residents live within 20 miles of the coast. Farther inland are agricultural areas, principally planted in avocados and tomatoes, while the easternmost portion of the County has a dry, desert-like topography.
Population

There are 18 incorporated cities in the County, and a number of unincorporated communities. In the 1990s the population of the County grew at a greater rate than that of either the State or the nation. The County population as of January 2011 was estimated to be approximately 3,118,876, making it the second largest County by population in California. As of July 1, 2011, the U.S. Census Bureau ranked San Diego County the seventeenth largest Metropolitan Statistical Area in the United States. The 2011 population increased 0.77% from 2010. 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 2002 to 2011.

<table>
<thead>
<tr>
<th>Year</th>
<th>San Diego County</th>
<th>Percent Change</th>
<th>State of California</th>
<th>Percent Change</th>
<th>United States</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>2,890</td>
<td>1.44%</td>
<td>35,064</td>
<td>1.84%</td>
<td>287,985</td>
<td>1.01%</td>
</tr>
<tr>
<td>2003</td>
<td>2,927</td>
<td>1.28%</td>
<td>35,653</td>
<td>1.68%</td>
<td>290,850</td>
<td>0.99%</td>
</tr>
<tr>
<td>2004</td>
<td>2,954</td>
<td>0.92%</td>
<td>36,199</td>
<td>1.53%</td>
<td>293,657</td>
<td>0.97%</td>
</tr>
<tr>
<td>2005</td>
<td>2,967</td>
<td>0.44%</td>
<td>36,677</td>
<td>1.32%</td>
<td>296,410</td>
<td>0.94%</td>
</tr>
<tr>
<td>2006</td>
<td>2,976</td>
<td>0.30%</td>
<td>37,086</td>
<td>1.12%</td>
<td>299,398</td>
<td>1.01%</td>
</tr>
<tr>
<td>2007</td>
<td>2,998</td>
<td>0.74%</td>
<td>37,472</td>
<td>1.04%</td>
<td>301,140</td>
<td>0.58%</td>
</tr>
<tr>
<td>2008</td>
<td>3,033</td>
<td>1.17%</td>
<td>37,884</td>
<td>1.10%</td>
<td>304,374</td>
<td>1.07%</td>
</tr>
<tr>
<td>2009</td>
<td>3,064</td>
<td>1.02%</td>
<td>38,293</td>
<td>1.08%</td>
<td>307,006</td>
<td>0.86%</td>
</tr>
<tr>
<td>2010</td>
<td>3,095</td>
<td>1.01%</td>
<td>37,224</td>
<td>(2.79)%</td>
<td>308,745</td>
<td>0.57%</td>
</tr>
<tr>
<td>2011</td>
<td>3,119</td>
<td>0.77%</td>
<td>37,511</td>
<td>0.77%</td>
<td>311,592</td>
<td>0.92%</td>
</tr>
</tbody>
</table>


Employment

The County’s total labor force, the number of persons who work or are available for work, during December 2011 was approximately 1,586,000. The number of employed civilian workers in the labor force for the same month was approximately 1,445,100. 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 2006 through 2010. 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 December 2011.
The following table sets forth the annual average employment within the County by employment sector for 2006 through 2011. Industry employment in the County has decreased by a total of 49,700 jobs since 2007. The largest growth industries were: education and health services; leisure and hospitality; and government. During the years profiled (2006 to 2011), these industries gained a total of 47,800 jobs. The largest growth occurred in education and health services (32,900 jobs).

SAN DIEGO COUNTY
LABOR FORCE AND INDUSTRY EMPLOYMENT
ANNUAL AVERAGES
2006 – 2011*

<table>
<thead>
<tr>
<th>Employment Sector</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, All Industries</td>
<td>1,312,500</td>
<td>1,319,700</td>
<td>1,309,300</td>
<td>1,240,900</td>
<td>1,229,800</td>
<td>1,270,000</td>
</tr>
<tr>
<td>Agriculture</td>
<td>10,900</td>
<td>10,900</td>
<td>10,500</td>
<td>9,500</td>
<td>9,700</td>
<td>9,000</td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>500</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Construction</td>
<td>92,600</td>
<td>87,000</td>
<td>76,100</td>
<td>61,100</td>
<td>55,400</td>
<td>54,000</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>103,900</td>
<td>102,500</td>
<td>102,800</td>
<td>95,400</td>
<td>92,400</td>
<td>91,400</td>
</tr>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>222,000</td>
<td>222,300</td>
<td>215,900</td>
<td>199,600</td>
<td>196,700</td>
<td>206,800</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>45,100</td>
<td>45,500</td>
<td>44,900</td>
<td>40,670</td>
<td>39,200</td>
<td>41,500</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>148,300</td>
<td>148,100</td>
<td>142,000</td>
<td>131,600</td>
<td>130,000</td>
<td>136,900</td>
</tr>
<tr>
<td>Transportation, Warehousing &amp; Utilities</td>
<td>28,700</td>
<td>28,800</td>
<td>29,000</td>
<td>27,400</td>
<td>27,500</td>
<td>28,400</td>
</tr>
<tr>
<td>Information</td>
<td>31,700</td>
<td>31,300</td>
<td>31,400</td>
<td>28,200</td>
<td>25,200</td>
<td>25,200</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>83,700</td>
<td>80,300</td>
<td>75,200</td>
<td>69,800</td>
<td>67,100</td>
<td>68,000</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>53,200</td>
<td>50,200</td>
<td>46,100</td>
<td>43,300</td>
<td>41,400</td>
<td>42,700</td>
</tr>
<tr>
<td>Real Estate, Rental &amp; Leasing</td>
<td>30,500</td>
<td>30,100</td>
<td>29,200</td>
<td>26,500</td>
<td>25,700</td>
<td>25,300</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>219,200</td>
<td>223,200</td>
<td>222,300</td>
<td>206,800</td>
<td>208,000</td>
<td>221,200</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>125,100</td>
<td>129,500</td>
<td>137,300</td>
<td>144,300</td>
<td>147,100</td>
<td>158,000</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>156,500</td>
<td>161,800</td>
<td>164,000</td>
<td>154,800</td>
<td>154,600</td>
<td>160,600</td>
</tr>
<tr>
<td>Other Services</td>
<td>48,400</td>
<td>48,300</td>
<td>48,400</td>
<td>46,800</td>
<td>47,200</td>
<td>46,900</td>
</tr>
<tr>
<td>Government</td>
<td>217,700</td>
<td>222,400</td>
<td>225,100</td>
<td>224,500</td>
<td>226,000</td>
<td>228,500</td>
</tr>
</tbody>
</table>

Source: California Employment Development Department.
* As of December 2011.
Regional Economy

The table below sets forth the County’s Gross Metropolitan Product, which is an estimate of the value for all goods and services produced in the region, from 2002 through 2011.

COUNTY OF SAN DIEGO
GROSS METROPOLITAN PRODUCT
2002-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Metropolitan Product (In Billions)</th>
<th>Current Dollars</th>
<th>Constant Dollars*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>San Diego</td>
<td>San Diego</td>
</tr>
<tr>
<td>2002</td>
<td>$123.2</td>
<td>7.7%</td>
<td>5.3%</td>
</tr>
<tr>
<td>2003</td>
<td>130.9</td>
<td>6.3</td>
<td>3.9</td>
</tr>
<tr>
<td>2004</td>
<td>141.5</td>
<td>8.1</td>
<td>5.2</td>
</tr>
<tr>
<td>2005</td>
<td>151.6</td>
<td>7.1</td>
<td>3.9</td>
</tr>
<tr>
<td>2006</td>
<td>159.8</td>
<td>5.4</td>
<td>2.2</td>
</tr>
<tr>
<td>2007</td>
<td>167.1</td>
<td>4.5</td>
<td>1.7</td>
</tr>
<tr>
<td>2008</td>
<td>172.4</td>
<td>3.2</td>
<td>1.4</td>
</tr>
<tr>
<td>2009</td>
<td>171.5</td>
<td>(0.5)</td>
<td>(2.4)</td>
</tr>
<tr>
<td>2010</td>
<td>176.0</td>
<td>2.6</td>
<td>1.9</td>
</tr>
<tr>
<td>2011(1)</td>
<td>182.6</td>
<td>3.8</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 many industries, including Biotechnology, Wireless Communications, Defense Manufacturing and Uniformed Personnel, and Leisure and Hospitality. The U.S. Department of Defense contributed about $18.2 billion to the local economy during 2009, through wages paid to the uniformed military and civilian personnel, and for equipment and services purchased from local businesses. The military presence in the County 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 2007 through 2011 are shown in the following table.
COUNTY OF SAN DIEGO
BUILDING PERMIT ACTIVITY
2007 – 2011
($ in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>$1,852,381</td>
<td>$1,339,204</td>
<td>$464,005</td>
<td>$974,490</td>
<td>$1,304,642</td>
</tr>
<tr>
<td>Non-Residential</td>
<td>1,416,823</td>
<td>1,061,841</td>
<td>344,084</td>
<td>658,867</td>
<td>1,072,381</td>
</tr>
<tr>
<td>Total</td>
<td>$3,269,204</td>
<td>$2,401,045</td>
<td>$808,089</td>
<td>$1,633,357</td>
<td>$2,377,023</td>
</tr>
</tbody>
</table>

New Housing Units:
- Single Family: 3,503, 2,347, 936, 2,254, 2,252
- Multiple Family: 3,942, 2,806, 742, 1,092, 2,968
- Total: 7,445, 5,153, 1,678, 3,346, 5,220

Source: Construction Industry Research Board.

Commercial Activity

Consumer spending for 2010 resulted in approximately $41.6 billion in taxable sales in the County. The following table sets forth information regarding taxable sales in the County for the years 2006 through 2010.

COUNTY OF SAN DIEGO
TAXABLE SALES
2006 – 2010
(In Thousands)

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel Stores</td>
<td>$1,909,011</td>
<td>$2,034,512</td>
<td>$2,205,568</td>
<td>$2,560,683</td>
<td>$2,769,897</td>
</tr>
<tr>
<td>General Merchandise</td>
<td>5,594,621</td>
<td>5,673,538</td>
<td>5,305,252</td>
<td>4,254,037</td>
<td>4,381,526</td>
</tr>
<tr>
<td>Specialty Stores(^{(1)})</td>
<td>4,926,656</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Food Stores</td>
<td>1,928,274</td>
<td>1,994,237</td>
<td>1,868,466</td>
<td>1,934,812</td>
<td>1,943,969</td>
</tr>
<tr>
<td>Food and Drinking Places</td>
<td>4,521,392</td>
<td>4,784,500</td>
<td>4,869,497</td>
<td>4,717,292</td>
<td>4,873,578</td>
</tr>
<tr>
<td>Home Furnishings/Appliances</td>
<td>1,511,389</td>
<td>1,420,933</td>
<td>1,590,329</td>
<td>2,024,448</td>
<td>2,101,996</td>
</tr>
<tr>
<td>Building Materials</td>
<td>3,331,161</td>
<td>2,768,385</td>
<td>2,183,006</td>
<td>1,841,740</td>
<td>1,945,310</td>
</tr>
<tr>
<td>Automotive</td>
<td>9,819,932</td>
<td>6,321,987</td>
<td>5,010,084</td>
<td>4,196,256</td>
<td>4,486,375</td>
</tr>
<tr>
<td>Service Stations(^{(2)})</td>
<td>-</td>
<td>3,755,121</td>
<td>4,154,465</td>
<td>3,153,090</td>
<td>3,663,149</td>
</tr>
<tr>
<td>All Other Retail Stores</td>
<td>1,076,631</td>
<td>5,285,332</td>
<td>4,529,006</td>
<td>1,405,774</td>
<td>1,384,312</td>
</tr>
<tr>
<td>Business and Personal Services</td>
<td>2,302,057</td>
<td>2,298,265</td>
<td>2,255,309</td>
<td>((^{(3)}))</td>
<td>((^{(3)}))</td>
</tr>
<tr>
<td>All Other Outlets</td>
<td>10,914,390</td>
<td>11,149,178</td>
<td>11,358,155</td>
<td>11,770,139</td>
<td>12,148,147</td>
</tr>
<tr>
<td>TOTAL ALL OUTLETS</td>
<td>$47,835,514</td>
<td>$47,485,988</td>
<td>$45,329,136</td>
<td>$39,728,657</td>
<td>$41,623,636</td>
</tr>
</tbody>
</table>

Source: California State Board of Equalization, Taxable Sales in California.
\(^{(1)}\) After 2006, data for the Specialty Stores Group was included in the category for All Other Retail Stores.
\(^{(2)}\) After 2006, Service Stations became a separate category and were not included in the Automotive Category.
\(^{(3)}\) After 2008, category for Business and Personal Services was discontinued.
Personal Income

The following table summarizes the median household income for the County, the State, and the United States between 2006 and 2010. In 2010, the median household income for the County of San Diego was $63,069.

<table>
<thead>
<tr>
<th>Year</th>
<th>San Diego County</th>
<th>California</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<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>
<tr>
<td>2009</td>
<td>60,231</td>
<td>58,931</td>
<td>50,221</td>
</tr>
<tr>
<td>2010</td>
<td>63,069</td>
<td>60,883</td>
<td>51,914</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

(1) Estimated in inflation-adjusted dollars.

(2) Data for 2011 is 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 $6.708 billion in 2010, according to an estimate by the San Diego Convention and Visitors Bureau, an increase of approximately 1.7% from the prior year. The County hosted 64 conventions and trade shows during 2010, attended by approximately 543,931 delegates. Additional visitors pass through the San Ysidro Port of Entry, the busiest border crossing in the world with more than nearly 42 million crossings during 2010 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

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE
APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT
APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the subcaption “– General” below has been provided by DTC. Commission makes no representations as to the accuracy or completeness of such information. Further, Commission undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC’s websites as described under “– General,” including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites. The beneficial owners of the Series 2012 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2012 BONDS UNDER THE RESOLUTIONS; (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2012 BONDS, IF APPLICABLE; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT TO THE OWNERS OF THE SERIES 2012 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2012 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2012 Bonds. The Series 2012 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 2012 Bond certificate will be issued for each maturity of the Series 2012 Bonds and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries.
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”). Standard & Poor’s has rated DTC “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

Purchases of the Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2012 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 2012 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 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 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 the Series 2012 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 2012 Bonds. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Bonds documents. For example, Beneficial Owners of the Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012 Bonds of like maturity 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. (or any other DTC nominee) will consent or vote with respect to the Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).
Payments of principal of, premium, if any, and interest on the Series 2012 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 Commission or the Trustee, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Series 2012 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

Commission, the Trustee and the Underwriters cannot and do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the Series 2012 Bonds paid to DTC or its nominee as the registered owner, or will distribute any notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Commission, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2012 Bonds or for an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to Commission or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2012 Bonds certificates are required to be printed and delivered.

Commission may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2012 Bonds certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that Commission believes to be reliable, but Commission takes no responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SERIES 2012 BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.
APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL
FOURTH SUPPLEMENTAL INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
   as Trustee

Dated as of June 1, 2012

Relating to

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2012 SERIES A

(Supplementing the Indenture
Dated as of March 1, 2008)
**TABLE OF CONTENTS**

<table>
<thead>
<tr>
<th>ARTICLE XXVI</th>
<th>DEFINITIONS; AMENDMENT TO INDENTURE</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 26.01.</td>
<td>Definitions</td>
<td>1</td>
</tr>
<tr>
<td>Section 26.02.</td>
<td>Amendments to Indenture</td>
<td>3</td>
</tr>
<tr>
<td>Section 26.03.</td>
<td>Effectiveness of Amendment</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE XXVII</th>
<th>FINDINGS, DETERMINATIONS AND DIRECTIONS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 27.01.</td>
<td>Findings and Determinations</td>
<td>3</td>
</tr>
<tr>
<td>Section 27.02.</td>
<td>Recital in Bonds</td>
<td>3</td>
</tr>
<tr>
<td>Section 27.03.</td>
<td>Effect of Findings and Recital</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE XXVIII</th>
<th>AUTHORIZATION AND REDEMPTION OF 2012 SERIES A BONDS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 28.01.</td>
<td>Principal Amount, Designation and Series</td>
<td>4</td>
</tr>
<tr>
<td>Section 28.02.</td>
<td>Purpose and Application of Proceeds</td>
<td>4</td>
</tr>
<tr>
<td>Section 28.03.</td>
<td>Form, Denomination, Numbers and Letters</td>
<td>4</td>
</tr>
<tr>
<td>Section 28.04.</td>
<td>Execution of Bonds</td>
<td>5</td>
</tr>
<tr>
<td>Section 28.05.</td>
<td>Date, Maturities and Interest Rates</td>
<td>5</td>
</tr>
<tr>
<td>Section 28.06.</td>
<td>Redemption of the 2012 Series A Bonds</td>
<td>6</td>
</tr>
<tr>
<td>Section 28.08.</td>
<td>Notice of Redemption of 2012 Series A Bonds</td>
<td>8</td>
</tr>
<tr>
<td>Section 28.09.</td>
<td>No Reserve Fund</td>
<td>8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE XXIX</th>
<th>ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 29.01.</td>
<td>Funds and Accounts</td>
<td>8</td>
</tr>
<tr>
<td>Section 29.02.</td>
<td>2012 Project Fund</td>
<td>8</td>
</tr>
<tr>
<td>Section 29.03.</td>
<td>2012 Costs of Issuance Account</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE XXX</th>
<th>MISCELLANEOUS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 30.01.</td>
<td>Continuing Disclosure</td>
<td>10</td>
</tr>
<tr>
<td>Section 30.02.</td>
<td>Tax Certificate</td>
<td>10</td>
</tr>
<tr>
<td>Section 30.03.</td>
<td>Severability</td>
<td>10</td>
</tr>
<tr>
<td>Section 30.04.</td>
<td>Parties Interested Herein</td>
<td>10</td>
</tr>
<tr>
<td>Section 30.05.</td>
<td>Heads Not Binding</td>
<td>10</td>
</tr>
<tr>
<td>Section 30.06.</td>
<td>Notice Addresses</td>
<td>10</td>
</tr>
<tr>
<td>Section 30.07.</td>
<td>Notices to Rating Agencies</td>
<td>11</td>
</tr>
<tr>
<td>Section 30.08.</td>
<td>Indenture to Remain in Effect</td>
<td>11</td>
</tr>
<tr>
<td>Section 30.09.</td>
<td>Effective Date of Fourth Supplemental Indenture</td>
<td>11</td>
</tr>
<tr>
<td>Section 30.10.</td>
<td>Execution in Counterparts</td>
<td>11</td>
</tr>
<tr>
<td>EXHIBIT A</td>
<td>FORM OF 2012 SERIES A BOND ...................................................... A-1</td>
<td></td>
</tr>
<tr>
<td>EXHIBIT B</td>
<td>NOTICE ADDRESSES ......................................................................... B-1</td>
<td></td>
</tr>
</tbody>
</table>
FOURTH SUPPLEMENTAL INDENTURE

THIS FOURTH SUPPLEMENTAL INDENTURE, dated as of June 1, 2012 (this “Fourth 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 Fourth 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;

WHEREAS, the Commission desires to provide at this time for the issuance of a Series of Bonds to be designated “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A” (the “2012 Series A Bonds”), all for the purpose of providing funds to pay for the refunding of outstanding bonds, the termination or amendment of Interest Rate Swap Agreements, the Costs of the Project and costs of issuance, all as provided in this Fourth Supplemental Indenture;

WHEREAS, the Commission has determined that, pursuant to Section 9.01(B)(1) of the Indenture, the Commission and the Trustee are authorized to modify and amend the Indenture by this Fourth Supplemental Indenture without the consent of any Bondholders, but with the written consent of each Credit Provider, to add to the covenants and agreements of the Commission by increasing the ratio requirement for the issuance of Additional Bonds set forth in section 3.02(D) from 1.3 to 2.0; and

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

ARTICLE XXVI
DEFINITIONS; AMENDMENT TO INDENTURE

Section 26.01. Definitions.

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

“Authorized Denominations” means, with respect to 2012 Series A Bonds, $5,000 and any integral multiple thereof.


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

“Interest Payment Date” means for the 2012 Series A Bonds each April 1 and October 1, commencing October 1, 2012 and, in any event, the final maturity date or redemption date of each 2012 Series A Bond.

“Record Date” means, with respect to the 2012 Series A Bonds, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

“Redemption Price” means, with respect to any 2012 Series A Bond or a portion thereof, 100% of the principal amount thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Fourth Supplemental Indenture.

“2012 Refunded Bonds” means the outstanding Bonds of the Commission to be refunded with a portion of the proceeds of the 2012 Series A Bonds, consisting of the following:

<table>
<thead>
<tr>
<th>Maturity Date (April 1)</th>
<th>Series</th>
<th>Amount</th>
<th>Redemption Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2038</td>
<td>2008 Series A</td>
<td>$</td>
<td>June 15, 2012</td>
</tr>
<tr>
<td>2038</td>
<td>2008 Series B</td>
<td></td>
<td>June 15, 2012</td>
</tr>
<tr>
<td>2038</td>
<td>2008 Series C</td>
<td></td>
<td>June 15, 2012</td>
</tr>
<tr>
<td>2038</td>
<td>2008 Series D</td>
<td></td>
<td>June 15, 2012</td>
</tr>
</tbody>
</table>


“2012 Costs of Issuance Account” means the 2012 Costs of Issuance Account established pursuant to Section 29.01(b).

“2012 Project Fund” means the 2012 Project Fund established pursuant to Section 29.01(a).

Section 26.02. Amendments to Indenture. Pursuant to Section 9.01(B)(1) of the Indenture, for all purposes of the Indenture and of any Supplemental Indenture, including this Fourth 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) Section 3.02(D) of the Indenture is hereby amended as follows (with deletions bracketed and struck through and additions bolded and underlined):

(D) The Commission shall place on file with the Trustee a Certificate of the Commission certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Bonds will become Outstanding shall have been at least equal to \[1.3\] 2.0 times Maximum Annual Debt Service on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based.

Section 26.03. Effectiveness of Amendment. The amendment to Section 3.02(D) of the Indenture shall become effective on the date which is the later of: (i) the date of execution and delivery of the Fourth Supplemental Indenture, and (ii) the date on which the Commission and the Trustee receive consents to such amendment from each Credit Provider, each Liquidity Provider, each Counterparty and the liquidity provider for the Commission’s commercial paper notes that are Subordinate Obligations.

ARTICLE XXVII
FINDINGS, DETERMINATIONS AND DIRECTIONS

Section 27.01. Findings and Determinations. The Commission hereby finds and determines that the 2012 Series A Bonds shall be issued pursuant to Article III and upon the issuance of the 2012 Series A Bonds, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

Section 27.02. Recital in Bonds. There shall be included in each of the definitive 2012 Series A Bonds, and also in each of the temporary 2012 Series A Bonds, if any are issued, a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that 2012 Series A Bond, and in the issuing of that 2012 Series A Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Act, and that said 2012 Series A Bond, together with all other indebtedness of the Commission payable out of Revenues, is within every debt and other limit prescribed by
the Constitution and statutes of the State and the Act, and that such certification and recital shall be in such form as is set forth in the form of the 2012 Series A Bond attached hereto as Exhibit A.

**Section 27.03. Effect of Findings and Recital.** From and after the issuance of the 2012 Series A Bonds, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2012 Series A Bonds is at issue.

**ARTICLE XXVIII**

**AUTHORIZATION AND REDEMPTION OF 2012 SERIES A BONDS**

**Section 28.01. Principal Amount, Designation and Series.** Pursuant to the provisions of the Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of $_______. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A.”

**Section 28.02. Purpose and Application of Proceeds.** The 2012 Series A Bonds are issued for the purpose of financing, refinancing and/or reimbursing the Commission for its prior payment of, the Costs of the Project and for refunding the 2012 Refunded Bonds. In addition, a portion of the proceeds will be applied to pay Costs of Issuance of the 2012 Series A Bonds, including costs related to the partial termination of outstanding Interest Rate Swap Agreements related to the 2012 Refunded Bonds. The net proceeds from the sale of the 2012 Series A 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 2012 Series A Bonds shall be deposited in the Redemption Fund and used to redeem the 2012 Refunded Bonds on the applicable Redemption Date.

(b) $______ of the proceeds of the 2012 Series A Bonds shall be deposited in the 2012 Project Fund; and

(c) $______ of the proceeds of the 2012 Series A Bonds shall be deposited in the 2012 Costs of Issuance Account.

**Section 28.03. Form, Denomination, Numbers and Letters.** Each Series of the 2012 Series A Bonds shall be issued as fully registered bonds without coupons in book-entry form and in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” prefixed to the number. Each Series of 2012 Series A Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of the 2012 Series A Bonds and as the form of the certificate of authentication as such form shall be completed based on the terms of each Series of 2012 Series A Bonds set forth herein.
Section 28.04. **Execution of Bonds.** The 2012 Series A Bonds shall be executed in the name and on behalf of the Commission by the facsimile or manual signature of the Chairperson of the Commission and attested by the facsimile or manual signature of the Executive Director of the Commission or any deputy thereof. The Bonds shall be authenticated by the Trustee by the manual signature of an authorized officer.

If any of the officers who shall have signed any of the Bonds or whose facsimile signature shall be upon the Bonds shall cease to be such officer of the Commission before the Bond so signed shall have been actually authenticated by the Trustee or delivered, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect and shall be as binding on the Commission as though the person or persons who signed such Bonds or whose facsimile signature shall be upon the Bonds had not ceased to be such officer of the Commission; and any such Bond may be signed on behalf of the Commission by those persons who, at the actual date of the execution of such Bonds, shall be the proper officers of the Commission, although at the date of such Bond any such person shall not have been such officer of the Commission.

Section 28.05. **Date, Maturities and Interest Rates.** (a) The 2012 Series A Bonds shall be dated their Issue Date and shall bear interest from that date payable on each Interest Payment Date. The 2012 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 28.06(a) and the requirement of mandatory sinking fund redemption set forth in Section 28.07(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>
</table>

Interest on the 2012 Series A Bonds shall be computed on the basis of a 360-day year composed of twelve 30 day months.
(b) Payment Provisions. Each 2012 Series A Bond shall be payable as provided in Section 2.10, including Section 2.10(E), or, in the event the use of the Securities Depository is discontinued, the principal of each 2012 Series A 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 2012 Series A 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 28.06. Redemption of the 2012 Series A Bonds.

(a) Optional Redemption. The 2012 Series A Bonds maturing on and after April 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after April 1, 20__, as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

(b) Selection of Bonds for Optional Redemption. The Commission shall designate which maturities of any 2012 Series A Bonds are to be called for optional redemption pursuant to Section 28.06(a). If less than all 2012 Series A Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2012 Series A Bonds of such maturity date to be redeemed by lot and shall promptly notify the Commission in writing of the numbers of the 2012 Series A Bonds so selected for redemption. For purposes of such selection, 2012 Series A Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event 2012 Series A Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under Section 28.07(a), or portions thereof, that are to be reduced as allocated to such redemption.

(c) Sufficient Funds Required for Optional Redemption. Any optional redemption of 2012 Series A Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of Section 4.02 if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2012 Series A Bonds called for redemption.

(d) Notice of Optional Redemption; Rescission. Any notice of optional redemption of the 2012 Series A Bonds may be rescinded as provided in Section 4.02.

(a) Mandatory Redemption of 2012 Series A Bonds. The 2012 Series A Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2012 Series A Bonds, on each date a Mandatory Sinking Account Payment for such 2012 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 2012 Series A Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

<table>
<thead>
<tr>
<th>2012 Series A Bonds</th>
<th>Mandatory Sinking Account Payment</th>
<th>Redemption Date (April 1)</th>
<th>Mandatory Sinking Account Payment</th>
<th>Redemption Date (April 1)</th>
</tr>
</thead>
</table>

* Final Maturity

(b) Selection of 2012 Series A Bonds for Mandatory Sinking Account Redemption. If less than all 2012 Series A Bonds maturing by their terms on any one date are to be redeemed at any one time with Mandatory Sinking Account Payments, the Trustee shall select the 2012 Series A Bonds of such maturity date to be redeemed by lot, and the Trustee shall promptly notify the Commission in writing of the numbers of the 2012 Series A Bonds so selected for redemption. For purposes of such selection, 2012 Series A Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

Section 28.08. Notice of Redemption of 2012 Series A Bonds. Each notice of redemption of 2012 Series A Bonds shall be mailed by the Trustee, not less than twenty (20) nor more than ninety (90) days prior to the redemption date, to each Holder of 2012 Series A Bonds and each of the Repositories. A copy of such notice shall also be provided to each of the Notice Parties with respect to the 2012 Series A Bonds. Notice of redemption to the Holders of 2012 Series A Bonds, the Repositories and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the 2012 Series A Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2012 Series A Bonds of such maturity, if any, to be redeemed and, in the case of 2012 Series A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said 2012 Series A Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2012 Series A Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for
redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2012 Series A Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Commission nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any 2012 Series A Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Commission nor the Trustee shall be liable for any inaccuracy in such CUSIP numbers.

**Section 28.09. No Reserve Fund.** No reserve is established with respect to the 2012 Series A Bonds and the 2012 Series A Bonds are not 2008 Reserve Fund Eligible Bonds.

**ARTICLE XXIX**
**ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF**

**Section 29.01. Funds and Accounts.** The following funds and accounts are hereby established in connection with the 2012 Series A Bonds:

(a) To ensure the proper application of such portion of proceeds from the sale of the 2012 Series A Bonds to be applied to pay Costs of the Project, there is hereby established the 2012 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 2012 Series A Bonds to be applied to pay Costs of Issuance of the 2012 Series A Bonds, there is hereby established the 2012 Costs of Issuance Account, such account to be established within the 2012 Project Fund and held by the Trustee.

**Section 29.02. 2012 Project Fund.** The Trustee shall establish the 2012 Project Fund. The monies set aside and placed within the 2012 Project Fund and in the 2012 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 2012 Series A Bonds and shall not be used for any other purpose whatsoever.

(a) Before any payment from the 2012 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 2012 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 2012 Series A 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 2012 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 2012 Project Fund, less the amount of any such retention, and then to the Revenue Fund or, if so directed by the Commission, to the Rebate Fund.

Section 29.03. 2012 Costs of Issuance Account. The Trustee shall establish the 2012 Costs of Issuance Account. All money on deposit in the 2012 Costs of Issuance Account shall be applied solely for the payment of authorized Costs of Issuance. Before any payment from the 2012 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 2012 Costs of Issuance Account and has not been previously paid from said account.

Any amounts remaining in the 2012 Costs of Issuance Account one hundred eighty (180) days after the date of issuance of the 2012 Series A Bonds shall be transferred to the 2012 Project Fund and the 2012 Costs of Issuance Account shall be closed.

ARTICLE XXX
MISCELLANEOUS

Section 30.01. 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 2012 Series A Bonds, executed by the Commission. Notwithstanding any other provision of the Indenture, failure of the Commission to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Holders of at least twenty-five (25%) aggregate principal amount of the 2012 Series A Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate,
including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Section.

Section 30.02. Tax Certificate. The Commission will comply with the provisions and procedures of the 2012 Series A Bonds Tax Certificate.

Section 30.03. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Fourth Supplemental Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Fourth 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 Fourth Supplemental Indenture and the 2012 Series A Bonds issued pursuant hereto shall remain valid, and the Holders of the 2012 Series A Bonds shall retain all valid rights and benefits accorded to them under this Indenture, the Act, and the Constitution and statutes of the State.

Section 30.04. Parties Interested Herein. Nothing in this Fourth 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 2012 Series A Bonds, any right, remedy or claim under or by reason of this Fourth Supplemental Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Fourth 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 2012 Series A Bonds.

Section 30.05. Headings Not Binding. The headings in this Fourth 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 Fourth Supplemental Indenture.

Section 30.06. Notice Addresses. Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, 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 30.07. Notices to Rating Agencies. The Trustee shall provide notice to the Rating Agencies of the following events with respect to the 2012 Series A Bonds:

(1) Change in Trustee;

(2) Amendments to the Indenture; and

(3) Redemption or defeasance of any 2012 Series A Bonds.
Section 30.08. **Indenture to Remain in Effect.** Save and except as amended and supplemented by this Fourth Supplemental Indenture, the Indenture, as heretofore supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, shall remain in full force and effect.

Section 30.09. **Effective Date of Fourth Supplemental Indenture.** This Fourth Supplemental Indenture shall take effect upon its execution and delivery.

Section 30.10. **Execution in Counterparts.** This Fourth 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 Fourth 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:

______________________________
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By:__________________________
Authorized Officer
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BOND
(LIMITED TAX BOND)
2012 SERIES A

INTEREST RATE  MATURITY  ISSUE DATE  CUSIP
____%  April 1, 20__  __________, 2012

REGISTERED OWNER:  CEDE & CO.

PRINCIPAL AMOUNT:  ___________________________ DOLLARS

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly organized and existing under the laws of the State of California (the “Commission”), for value received, hereby promises to pay (but solely from Revenues as hereinafter referred to) in lawful money of the United States of America, to the registered Holder or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the Interest Rate set forth above payable on each April 1 and October 1, commencing October 1, 2012 (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 Fourth Supplemental Indenture, dated as of June 1, 2012 (the “Fourth 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, 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 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:

______________________________
   Executive Director

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the 2012 Series A Bonds described in the within mentioned Indenture and was authenticated on the date set forth below.

Date of Authentication: _________________________

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ______________________________
   Authorized Officer
[DTC LEGEND]

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

[FORM OF ASSIGNMENT]

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

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER TAX IDENTIFICATION NUMBER OF ASSIGNEE

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

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

Dated:

Signature: ___________________________ 
(Signature of Assignor)

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

SIGNATURE GUARANTEED:

______________________________

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

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

### To the Rating Agencies:
Standard & Poor’s Ratings Services  
55 Water Street, 38th Floor  
New York, New York 10041  
Telephone: (212) 438-2000  
Facsimile: (212) 438-2157

Moody’s Investors Service  
7 World Trade Center at 250 Greenwich Street  
Public Finance Group, 23rd Floor  
New York, New York 10007  
Facsimile: (212) 553-4090

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

### To the Liquidity Banks:
JPMorgan Chase Bank, National Association  
1111 Fannin, 10th Floor  
Houston, Texas 77002  
Attention: Amanda Brewer/Fran Camero  
Telephone: (713) 427-0002/(713) 750-2200  
Facsimile: (713) 750-2956

Mizuho Corporate Bank Ltd.  
1251 Avenue of the Americas  
New York, New York 10020  
Attention: Bran Raskovic  
Telephone: (212) 282-4147  
Facsimile: (212) 282-4250

State Street Bank and Trust Company  
State Street Financial Center  
One Lincoln Street, 5th Floor  
Boston, Massachusetts 02111  
Attention: Michael Murray  
Telephone: (617) 664-4921

California Statewide Teachers’ Retirement System  
100 Waterfront Place, MS-4  
West Sacramento, California 95605  
Attention: Jean Kushida  
Telephone: (916) 414-7590

### To the CP Notes Credit Bank:
Bank of America, N.A.  
333 S. Hope Street, 13th Floor  
Los Angeles, California 90071  
Attention: Credit Products Officer  
Telephone: (213) 621-7131  
Facsimile: (213) 521-3607

### To the Swap Counterparties:
Bank of America, N.A.  
Mail Code: NC1-027-14-01  
214 North Tryon Street, 14th Floor  
Charlotte, NC 28255  
Attention: Shirley de la Canal  
Telephone: (704) 388-2356  
Facsimile: (704) 409-1269

Barclays Bank PLC  
745 Seventh Avenue, 2nd Floor  
New York, New York 10019  
Attention: Municipal Derivatives Department  
Telephone: (212) 528-6027  
Facsimile: (646) 834-4489

Goldman Sachs Mitsui Marine  
Derivative Products, L.P.  
85 Broadway Street  
New York, New York 10004  
Attention: Swap Operations  
Telephone: (212) 902-1000  
Facsimile: (212) 902-5692
To Remarketing Agents:
Barclays Capital Inc.
555 California Street, 30th Floor
San Francisco, CA 94104
Attention: John McCray-Goldsmith, Director
Telephone: (415) 274-5374

Goldman, Sachs & Co.
85 Broad Street, 29th Floor
New York, New York 10004
Attention: Municipal Money Market Desk

J.P. Morgan Securities, Inc.
270 Park Avenue, 6th Floor
New York, New York 10017
Attention: Municipal Short Term Desk

E. J. De La Rosa & Co., Inc.
10866 Wilshire Boulevard, Suite 1650
Los Angeles, California 90024
Attention: Short-term Desk
Telephone: (310) 207-3616
Facsimile: (310) 207-1995
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION  
SALES TAX REVENUE BONDS  
(LIMITED TAX BONDS)  
$_________ 2012 SERIES A  

BOND PURCHASE AGREEMENT  

May [23], 2012  

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 J.P. Morgan Securities LLC, Goldman, Sachs & Co., Morgan Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (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 2012-__ adopted by the Commission on ____________, 2012.  

“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 2012A Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement dated as of June 1, 2012.

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

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

“Fourth Supplemental Indenture” shall mean the Fourth Supplemental Indenture, dated as of June 1, 2012, between the Commission and U.S. Bank National Association, as Trustee, as amended or supplemented.

“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 Fourth 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 May __, 2012, relating to the Series 2012A 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 May [11], 2012, relating to the Series 2012A 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 2012A Bonds” shall mean $________ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate of the Commission dated the Closing Date.
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 2012A 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 on its Electronic Municipal Markets Access (“EMMA”) system. The Commission shall deliver sufficient copies of the Official Statement to enable the Underwriters to distribute a single copy to any potential customer of the Underwriters requesting 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 through EMMA, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the Commission may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Underwriters. In any event, the Underwriters shall promptly notify the Commission of the end of the underwriting period.

The Commission will undertake pursuant to a Continuing Disclosure Agreement, to be dated as of the date of issuance of the Series 2012A 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 2012A 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 2012A 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 Series 2012A Bonds at an aggregate purchase price of $_______ (the “Purchase Price”), representing the aggregate principal amount of the Series 2012A Bonds, [plus / minus] a net original issue [premium / discount] of $_______, less an underwriters’ discount of $_______).

4. **The Series 2012A Bonds.** The principal amounts, maturity dates, interest rates and prices with respect to the Series 2012A Bonds shall be as described in the Official Statement and in Appendix A hereto.

5. **Public Offering of the Series 2012A Bonds.** Except as otherwise disclosed and agreed to by the Commission, the Underwriters agree to make a bona fide public offering of the Series 2012A 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 2012A Bonds, and to sell the Series 2012A Bonds to certain dealers (including dealers depositing the Series 2012A 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 2012A 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 2012A 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 2012A 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 June [14], 2012, 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 2012A 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 2012A 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 2012A Bonds, but neither the failure to print such numbers on the Series 2012A Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the Series 2012A Bonds in accordance with the terms of this Bond Purchase Agreement.

Delivery of the Series 2012A 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 2012A 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 2012A 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 2012A 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 2012A 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 2012A Bonds, this Bond Purchase Agreement and the Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Bond Resolution, and the Legal Documents. When executed and delivered by their respective parties, the Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The Series 2012A Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriters as provided herein, will constitute legal, valid and binding obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(f) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Series 2012A 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 2012A 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 2012A 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 2012A Bonds, the application of the proceeds of the sale of the Series 2012A 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 2012A 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 2012A 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 Series 2012A 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 2012A 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 2012A 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 2012A 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 2012A 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 2012A Bonds; provided, however, that in no event shall the Commission be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriters of receipt by the Commission of any written notification with regard to the suspension of the qualification of the Series 2012A 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 2012A 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 Series 2012A Bonds.


(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 2012A 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 2012A 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 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, 2011 fairly represent the receipts, expenditures and cash balances of such amounts and, insofar as presented, other funds of the Commission as of the dates and for the periods therein set forth. The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles consistently applied. Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Commission or in its operations since June 30, 2011 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 2012A 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 2012A 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.

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 2012A 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 2012A 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 2012A Bonds, the exclusion of interest on the Series 2012A Bonds from federal gross income and the exclusion of interest on the Series 2012A 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 Official Statement in the sections entitled “DESCRIPTION OF THE SERIES 2012A BONDS,” (other than the information concerning DTC and the book-entry system) “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012A BONDS” (other than any information concerning any liquidity facilities, liquidity facility providers, swaps, swap providers 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 2012A 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 2012A 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 Fulbright & Jaworski L.L.P., Disclosure Counsel, to the effect that 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.
(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 2012A 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 2012A 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 2012A Bonds and the compliance with the provisions of the Bond Purchase Agreement, the Legal Documents and the Series 2012A 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 2012A Bonds, the Legal Documents and the Bond Purchase Agreement constitute binding and legal obligations of the Commission and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws
affecting enforcement of creditors’ rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) no litigation is pending with service of process completed or, to the best of such counsel’s knowledge after due inquiry, threatened against the Commission in any court in any way affecting the titles of the officials of the Commission to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Series 2012A Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Series 2012A Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2012A 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 2012A 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 2012A 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 2012A 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 2012A 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 neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(8) The audited financial statements of the Commission relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the Commission as of June 30, 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 2012A 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 2012A 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 2012A 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 2012A 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.


(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 2012A Bonds have received a rating of “A1” from Moody’s Investors Service and “AAA” from Standard & Poor’s Ratings Services (or such other equivalent rating as Moody’s Investors Service and Standard & Poor’s Ratings Services shall issue), and that such ratings have not been revoked or downgraded.

(19) Two transcripts of all proceedings relating to the authorization and issuance of the Series 2012A 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 2012A 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 2012A Bonds or the market prices of the Series 2012A Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2012A 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 2012A 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 2012A 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 2012A 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 the United States, or the financial, political or economic conditions affecting the United States or the Commission; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2012A Bonds, or the issuance, offering or sale of the Series 2012A Bonds,
including any or all underlying obligations, as contemplated hereby or by
the Official Statement, is or would be in violation of the federal securities
laws as amended and then in effect; or

(F) any material adverse change in the affairs or
financial condition of the Commission, except for changes which the
Official Statement disclosures are expected to occur.

(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 2012A 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
2012A 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 2012A 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 2012A Bonds; or

(vi) there shall have occurred any downgrading or published
negative credit watch or similar published information from a rating agency that
as of the date hereof has published, or has been asked to furnish, an unenhanced
long-term rating on the Commission’s debt obligations, including the Series
2012A Bonds, which action reflects a change or possible change in the ratings
accorded to such obligations, including the Series 2012A Bonds.

If the Underwriters terminate their obligation to purchase the Series 2012A 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 2012A Bonds, the Commission will forthwith prepare and
furnish to the Underwriters a reasonable number of copies of an amendment of, or supplement
of, 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 2012A Bonds, not misleading.

13. **Indemnification.** The Commission (a “Commission Indemnifying Party”) shall
indemnify and hold harmless, to the extent permitted by law, the Underwriters and their
respective directors, officers, employees and agents and each person who controls the
Underwriters within the meaning of Section 15 of the 1933 Act (any such person being therein
sometimes called a “Commission Indemnified Party”), against any and all losses, claims,
damages or liabilities, joint or several, to which such Commission Indemnified Party may
become subject under any statute or at law or in equity or otherwise, and shall promptly
reimburse any such Commission Indemnified Party for any reasonable legal or other expenses
incurred by it in connection with investigating any claims against it and defending any actions,
but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are
based upon any untrue statement of a material fact contained in the Preliminary Official
Statement or the Official Statement under the captions “DESCRIPTION OF THE SERIES
2012A BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012A
BONDS,” “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION,”
“THE SALES TAX,” “SUMMARY OF FINANCING PLAN,” “COMMISSION
INVESTMENT PORTFOLIO,” and “ABSENCE OF MATERIAL LITIGATION” or any
amendment or supplement thereof, or the omission to state therein a material fact necessary to
make the statements therein in light of the circumstances under which they were made not
misleading. This indemnity agreement shall not be construed as a limitation on any other
liability which the Commission may otherwise have to any Commission Indemnified Party,
provided that in no event shall the Commission be obligated for double indemnification.

The Underwriters (collectively, an “Underwriter Indemnifying Party”) shall indemnify
and hold harmless, to the extent permitted by law, the Commission and its directors, officers,
members, employees and agents and each person who controls the Commission within the
meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an
“Underwriter Indemnified Party”), against any and all losses, claims, damages or liabilities, joint
or several, to which such Underwriter Indemnified Party may become subject under any statute
or at law or in equity or otherwise, and shall promptly reimburse any such Underwriter
Indemnified Party for any reasonable legal or other expenses incurred by it in connection with
investigating any claims against it and defending any actions, but only to the extent that such
losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement
of a material fact contained in the Preliminary Official Statement or the Official Statement under
the caption “UNDERWRITING” or any amendment or supplement thereof, or the omission to
state therein a material fact necessary to make the statements therein in light of the circumstances
under which they were made not misleading. This indemnity agreement shall not be construed
as a limitation on any other liability which the Underwriters may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriters be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “Indemnified Party” means a Commission Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “Indemnifying Party” means a Commission Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Commission or the Underwriters, to the extent permitted by law, the Commission and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Commission and the Underwriters may be subject) in such proportion so that the Underwriters are jointly and severally responsible for that portion represented by the percentage that the Underwriters’ discount set forth in the Official Statement bears to the public offering price appearing thereon and the Commission is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For
purposes of this paragraph, each person, if any, who controls the Underwriters within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriters. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.


(a) Whether or not the Series 2012A 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 2012A Bonds; (ii) any fees charged by any rating agency for issuing the rating on the Series 2012A 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.

(b) Whether or not the Series 2012A 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 2012A Bonds by the MSRB or the NASD; (ii) all advertising expenses in connection with the public offering and distribution of the Series 2012A 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 2012A Bonds, including the fees and disbursements of Underwriters’ Counsel.

(c) As a convenience to the Commission, the Underwriters may, from time to time, make arrangements for certain items and advance certain costs for which the Commission is responsible hereunder, such as printing the Preliminary Official Statement and Official Statement, entertainment, meals, lodging and travel arrangements for Commission representatives, in connection with the transaction for which the Underwriters will be reimbursed from the Underwriters’ discount.

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:
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 2012A Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

17. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. No Advisory or Fiduciary Role. The Commission acknowledges and agrees that: (i) the primary role of the Underwriters, is to purchase securities, for resale to investors, in an arm’s-length commercial transaction between the Commission and the Underwriters and that the Underwriters have financial and other interests that differ from those of the Commission; (ii) the Underwriters are not acting as a municipal advisor, financial advisor, or fiduciary to the Commission and have not assumed any advisory or fiduciary responsibility to the Commission with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Commission on other matters); (iii) the only express obligations the Underwriters have to the Commission with respect to the offering contemplated hereby are set forth in this Bond Purchase Agreement; and (iv) the Commission has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Commission would like a municipal advisor in this transaction that has legal fiduciary duties to the Commission, then the Commission is free to engage a municipal advisor to serve in that capacity.

[Signatures contained on next page.]
19. **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.
J.P. MORGAN SECURITIES LLC
GOLDMAN, SACHS & CO.
MORGAN STANLEY & CO. LLC
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

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

$\quad$

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

#### 2012 SERIES A

<table>
<thead>
<tr>
<th>Maturity (April 1)</th>
<th>Principal Amount ($)</th>
<th>Interest Rate (%)</th>
<th>Yield (%)</th>
<th>Price (%)</th>
</tr>
</thead>
</table>

$\quad$ ____% Term Bonds due April 1, 20__ – Price: ____% -- Yield: ____%

$\quad$

\* Priced to par call on April 1, 20__.
This certificate is furnished by Barclays Capital Inc., as representative (the “Representative”) of the underwriters (the “Underwriters”) listed in the Bond Purchase Agreement, dated May [23], 2012 (the “Bond Purchase Agreement”), among the Underwriters and the San Diego County Regional Transportation Commission for the sale of the $________ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A (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 May [23], 2012 (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 Agreement, 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 1 hereto. [Except for the Bonds scheduled to mature on ________, 20__, the] The first price at which at least 10% of the principal amount of each maturity of the Bonds initially was sold to the Public was the respective price for that maturity shown on Schedule ___ hereto. For purposes of this certificate, we have assumed that (a) the phrase “bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers” refers only to persons who, to our actual knowledge, are acting in such capacity, and (b) sales of the Bonds reported as “Customer” trades on the EMMA portal are sales to the Public, unless we have specific knowledge to the contrary.

3. We have no reason to believe that the prices shown on Schedule 1 hereto represent prices that are greater than the 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 by the Underwriters 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
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the San Diego County Regional Transportation Commission (the “Commission”) and Digital Assurance Certification LLC, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of $________ San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A (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, dated as of March 1, 2008, a Second Supplemental Indenture, dated as of July 1, 2008, a Third Supplemental Indenture, dated as of October 1, 2010, and a Fourth Supplemental Indenture, dated as of June 1, 2012 (collectively, the “Indenture”), each between the Commission and U.S. Bank National Association, as trustee (the “Trustee”). Pursuant to Section 24.01 of the Indenture, the Commission and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Commission for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Commission pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Audited Financial Statements” means the audited financial results of the Commission for the applicable Fiscal Year.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city in which the Principal Office of the Trustee is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“Disclosure Representative” shall mean the designee of the Commission designated to act as the Disclosure Representative, or such other person as the Commission shall designate in writing to the Trustee from time to time.

“Dissemination Agent” means an entity selected and retained by the Commission, or any successor thereto selected by the Commission. The initial Dissemination Agent shall be Digital Assurance Certification LLC.

“Listed Events” shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at http://emma.msrb.org.

“Participating Underwriter” shall mean any original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

“State” shall mean the State of California.

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2012, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Commission’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Commission shall provide the Annual Report to the Dissemination Agent (if other than the Commission). The Commission shall provide, or cause the preparer of the Annual Report to provide, a written certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished to it hereunder. The Dissemination Agent may conclusively rely upon such certification and shall have no duty or obligation to review such Annual Report.

(c) If the Commission is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Commission shall send a notice to the Repository or to the MSRB, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and
(ii) file a report with the Commission and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The Commission Annual Report shall contain or include by reference the following:

(a) The Audited Financial Statements of the Commission for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, dated ____, 2012 relating to the Bonds (the “Official Statement”) and the Audited Financial Statements shall be filed in the same manner as the Annual Report when such Audited Financial Statements become available.

(b) The debt service schedule for the Bonds, if there have been any unscheduled redemptions, retirements or defeasances, and the debt service on any additional parity bonds issued, in each case during the prior Fiscal Year.

(c) The amount of Sales Tax Revenues (as such term is defined in the Official Statement) received as of the most recently ended Fiscal Year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Commission or related public entities, which have been submitted to the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Commission shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. defeasances;
3. tender offers;
4. rating changes;
5. adverse tax opinions or the issuance by the Internal Revenue Service of a proposed or final determination of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
6. unscheduled draws on the debt service reserves reflecting financial difficulties;
7. unscheduled draws on credit enhancements reflecting financial difficulties;
(8) substitution of credit or liquidity providers or their failure to perform; or

(9) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Commission in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commission, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commission.

(b) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) consummation of a merger, consolidation or acquisition involving the Commission or the sale of all or substantially all of the assets of the obligated persons, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(2) appointment of a successor or additional trustee or the change of the name of a trustee;

(3) non-payment related defaults;

(4) modifications to the rights of Owners;

(5) optional, unscheduled or contingent Bond calls; or

(6) release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Commission obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, the Commission shall as soon as possible determine if such event would be material under applicable Federal securities law.

(d) If the Commission determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the Commission shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to the Repository in a timely manner not more than ten (10) Business Days after occurrence of the Listed Event.

(e) If the Dissemination Agent has been instructed by the Commission to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

Section 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.
Section 7. **Termination of Reporting Obligation.** The Commission’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 8. **Dissemination Agent.** The Commission may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the Commission.

Section 9. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Commission may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

Section 10. **Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Commission chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Commission shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default.** In the event of a failure of the Commission to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Commission or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. **Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Commission 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 Commission for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Commission, the Trustee, the Holders, or any other party. The obligations of the Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.
Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Commission:  
San Diego County Regional Transportation Commission  
c/of San Diego Association of Governments  
401 B Street, Suite 800  
San Diego, California 92101-4231  
Attention:  
Telephone:  
Facsimile:

To the Dissemination Agent:

Attention:  
Telephone:  
Facsimile:

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Any notice or communication may also be sent by electronic mail, receipt of which shall be confirmed.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Commission, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.
Date: ___________, 2012

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: _________________________________
    Director of Finance

DIGITAL ASSURANCE CERTIFICATION LLC
as Dissemination Agent

By: _________________________________
    Authorized Officer

Receipt Acknowledged By:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _________________________________
    Authorized Officer
Exhibit A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Diego County Regional Transportation Commission (the “Commission”)

Name of Issue: $___________ San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A

Date of Issuance: __________, 2012

NOTICE IS HEREBY GIVEN that the Commission has not provided an Annual Report with respect to the above-captioned Bonds as required by the Indenture, dated as of March 1, 2008, as supplemented and amended by a First Supplemental Indenture, dated as of March 1, 2008, a Second Supplemental Indenture, dated as of July 1, 2008, a Third Supplemental Indenture, dated as of October 1, 2010, and a Fourth Supplemental Indenture, dated as of June 1, 2012, each by and between the Commission and U.S. Bank National Association, as trustee thereunder. [The Commission anticipates that the Annual Report will be filed by Digital Assurance Certification LLC.]

Dated: ________________

Digital Assurance Certification LLC,
as dissemination agent

cc: San Diego County Regional Transportation Commission
# CATALOGUE OF OUTSTANDING (BLANK) ITEMS BY DOCUMENT

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION**  
**SALES TAX REVENUE BONDS**  
**(LIMITED TAX BONDS)**  
**2012 SERIES A**

## RESOLUTION of SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

<table>
<thead>
<tr>
<th>Section/Page</th>
<th>Outstanding Items</th>
<th>Responsible Party</th>
<th>Expected Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Page 1</td>
<td>Resolution No.</td>
<td>SANDAG</td>
<td>May 11</td>
</tr>
<tr>
<td>Page 7</td>
<td>Signatures, Votes and Seal</td>
<td>SANDAG</td>
<td>May 11</td>
</tr>
<tr>
<td>Secretary’s Certificate/ Page 8</td>
<td>Secretary Name, Signatures, Votes and Date</td>
<td>SANDAG</td>
<td>Pre-Closing</td>
</tr>
</tbody>
</table>

## PRELIMINARY OFFICIAL STATEMENT

<table>
<thead>
<tr>
<th>Section/Page</th>
<th>Outstanding Items</th>
<th>Responsible Parties</th>
<th>Expected Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover</td>
<td>Par Amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>Cover</td>
<td>Ratings</td>
<td>Underwriter/Rating Agencies</td>
<td>Prior to Pricing</td>
</tr>
<tr>
<td>Cover</td>
<td>Date of Bonds Delivery</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>Cover</td>
<td>Date of Official Statement</td>
<td>Financial Advisor/Underwriters/Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>Maturity Schedule</td>
<td>Maturity Schedule/Par Amount of Bonds/Term Bond(s)/CUSIPs</td>
<td>Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>1</td>
<td>Par Amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3-4</td>
<td>Redemption Provision Dates/Mandatory Sinking Account Dates and Payment Amounts</td>
<td>Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>10</td>
<td>Financing Plan—The Refunding and Partial Swap Terminations—redemption date and amount.</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>11</td>
<td>Estimated Sources and Uses of Funds</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
</tbody>
</table>
## PRELIMINARY OFFICIAL STATEMENT

<table>
<thead>
<tr>
<th>Section/Page</th>
<th>Outstanding Items</th>
<th>Responsible Parties</th>
<th>Expected Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Debt Service Schedule</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>23</td>
<td>Coverage – Sales Tax Revenues anticipated to equal X times Maximum Annual Debt Service</td>
<td>Financial Advisor</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>32</td>
<td>Ratings</td>
<td>Underwriter/Rating Agencies</td>
<td>Prior to Pricing</td>
</tr>
<tr>
<td>32</td>
<td>Purchase Price</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>32</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>Prior to posting POS</td>
</tr>
<tr>
<td>C-1</td>
<td>Definitions and Summary of Certain Provisions of the Indenture</td>
<td>Bond Counsel</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>F-1</td>
<td>Proposed Form of Opinion of Bond Counsel</td>
<td>Bond Counsel</td>
<td>Prior to posting POS</td>
</tr>
</tbody>
</table>

## FOURTH SUPPLEMENTAL 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>
</tr>
</thead>
<tbody>
<tr>
<td>Page 2</td>
<td>Refunded Bonds Amounts</td>
<td>Bond Counsel</td>
<td>Post-Pricing</td>
</tr>
<tr>
<td>28.01 / 4</td>
<td>Aggregate Principal Amount</td>
<td>Financial Advisor/Underwriters/SANDAG</td>
<td>Pricing</td>
</tr>
<tr>
<td>28.02 / 4</td>
<td>Net Proceeds</td>
<td>Financial Advisor/Underwriters</td>
<td>Post-Pricing</td>
</tr>
<tr>
<td>28.05 / 5</td>
<td>Aggregate Principal Amount, Date, Maturities and Interest Rates</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>28.06(a) / 6</td>
<td>Optional Redemption Dates</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>Section / Page</td>
<td>Outstanding Items</td>
<td>Responsible Parties</td>
<td>Expected Availability</td>
</tr>
<tr>
<td>---------------</td>
<td>-----------------------------------------</td>
<td>-------------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>28.07(a) / 6</td>
<td>Mandatory Redemption Date</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>28.07(a) / 7</td>
<td>Term Bonds Redemption Date and Mandatory Sinking Fund Account Payment</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>Page 12</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 Amount, Interest Rate, Issue Date, CUSIP, Series designation, signatures etc.</td>
<td>N/A</td>
<td>These are not intended to be filled in or resolved. The Exhibit is a Form of the Bond. The actual Bonds will be separate documents created prior to Closing.</td>
</tr>
</tbody>
</table>

**BOND PURCHASE AGREEMENT**

<table>
<thead>
<tr>
<th>Section / Page</th>
<th>Outstanding Items</th>
<th>Responsible Parties</th>
<th>Expected Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Par amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>1</td>
<td>Resolution Number</td>
<td>Commission</td>
<td>Upon adoption of Resolution</td>
</tr>
<tr>
<td>1</td>
<td>Date of Resolution</td>
<td>Commission</td>
<td>Upon adoption of Resolution</td>
</tr>
<tr>
<td>2</td>
<td>Date of Official Statement</td>
<td>Disclosure Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>2</td>
<td>Par amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3</td>
<td>Par amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3</td>
<td>Purchase price of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3</td>
<td>Bond Premium or Discount</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3</td>
<td>Underwriter’s Discount</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>S-1</td>
<td>All Signatories</td>
<td>Indicated Parties</td>
<td>Upon sale of Bonds</td>
</tr>
<tr>
<td>Appendix A</td>
<td>Bond amounts, maturities, interest rates, prices and yields</td>
<td>Underwriter and Commission</td>
<td>Upon sale of Bonds</td>
</tr>
<tr>
<td>Appendix B</td>
<td>All Blanks</td>
<td>Underwriter and Bond Counsel</td>
<td>Upon sale of Bonds</td>
</tr>
</tbody>
</table>
## CONTINUING DISCLOSURE AGREEMENT between SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION and U.S. BANK

<table>
<thead>
<tr>
<th>Section/Page</th>
<th>Outstanding Items</th>
<th>Responsible Parties</th>
<th>Expected Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Par Amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3</td>
<td>Date of Official Statement</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>6</td>
<td>Notice provisions</td>
<td>Commission</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>7</td>
<td>Date/Signatures</td>
<td>Commission/DAC/Trustee</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>A-1</td>
<td>Par Amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>A-1</td>
<td>Date of Issuance</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
</tr>
</tbody>
</table>
San Diego County Regional Transportation Commission

Proposed TransNet 2012 Bond Issuance

2012 Bond Financing Team

- San Diego County Regional Transportation Commission
  - Gary L. Gallegos, Executive Director
  - Renee Wasmund, Chief Deputy Executive Director
  - John Kirk, General Counsel
  - Mamey Cox, Chief Economist
  - Kim Kawada, TransNet and Legislative Affairs Program Director

- Financial Advisors, Public Financial Management
  - Peter Shellenberger, Managing Director

- Bond Counsel, Orrick, Herrington & Sutcliffe, LLP
  - Mary Collins, Partner
  - Brooke Abola, Partner

- Disclosure Counsel, Fulbright & Jaworski, LLP
  - Victor Hsu, Partner

- Senior Underwriter, Barclays Capital
  - John McCray-Goldsmith, Senior Vice President
  - Julie Van Voris, Vice President
2012 Bond Issuance Presentation

1. Why we need to issue new debt
2. Description of two main components of the debt issuance
3. Review of various draft bond documents

TransNet Extension Early Action Program

- SR 76: Widens highway
- SR 15: Widens and extends highway
- Mid-Coast: Transit: Old Town–UCSD
  Transit: UTC SuperLiner
  I-5 & I-800 Link to North Connector
  I-5/Geneva Ave Interchange
- I-15: HOV/Express Lanes
  Transit: Escondido–Downtown
  Transit: Escondido–Sorrento Valley
- I-800: HOV/Express Lanes
  Transit: Oceanside–Downtown
- North Coast: I-5 HOV/Express Lanes
  Coastal rail double-tracking
- SPRINTER: Oceanside–Escondido light rail
- Blue and Orange Line Trolley: Light rail vehicles
  Station upgrades
- Mid-City: Transit: Downtown–SDSU
- Cotes: Mirovia
  South line rail upgrades
  SR 103
- SR 54 / SR 125: South to East Connector
Plan of Finance *(approved November 2011)*

- Capitalize on opportunities to implement the *TransNet* Early Action Program
  - Low bid construction cost environment
  - Historically low interest rates
  - Increased purchasing power of the *TransNet* program

2012 Bond Issuance: Structure

- $300 million in new money – fixed rate, tax-exempt bonds
- Refunding a portion of the 2008 Variable Rate Demand Bonds (VRDBs)
  - Currently assuming $86 million (2013-2018 maturities)
SANDAG Debt Service Structure: Level Debt Service

$ Millions

Layered Structure

Existing Debt Service  Series 2012 Refunding Debt Service  Series 2012 New Money Debt Service

SANDAG Debt Service Structure: Level Debt Service

$ Millions

Layered Structure

Projected Future TransNet Revenues
$232.4 Million to $1.16 Billion

TransNet Revenues
$221.3 Million (FY11)

Existing Debt Service  Series 2012 Refunding Debt Service  Series 2012 New Money Debt Service
Credit Rating Agency Reviews

- Current high credit ratings on SANDAG debt program
- Ratings:
  - Standard & Poors: AAA (no change)
  - Moody’s: Aa2 (revised)
- Factors cited by Moody’s:
  - Volatile revenue stream
  - Future debt
  - Comparable issuers
Financing Strategy Objectives

- Minimize borrowing costs for the Commission
- Maximize *TransNet* funds available for project construction and project delivery
- Maintain program flexibility
- Satisfy the credit / investor demands with appropriate covenants and strong debt service coverage
- Continue to diversify the debt profile with the issuance of fixed rate bonds

2012 Costs of Issuance

- Costs determined through competitive procurement process or negotiations
- Negotiated competitive costs for underwriting fees, similar or lower than comparable California issuances
  - Costs of Issuance: $700k
  - Underwriter Cost: $1.49M*
  - Total: $2.19M
- Estimated issuance costs 0.61% of par amount of 2012 Bonds
Financial Advisor Memo
(Attachment 1)

- Market Update
- 2012 Bond Financing Structure
- Financial Considerations

Resolution
(Attachment 2)

- The Resolution authorizes the 2012 Bonds and approves the following documents:
  - Preliminary Official Statement
  - Fourth Supplemental Indenture
  - Bond Purchase Agreement
  - Continuing Disclosure Agreement
- The Resolution also approves other actions and matters relating to the 2012 Bonds
Preliminary Official Statement
(Attachment 3)

The Official Statement is used to sell the bonds and disclose all material information to the potential buyers of the bonds.

Fourth Supplemental Indenture
(Attachment 4)

- Supplements the Master Indenture relating to SANDAG’s senior revenue bonds
- Sets forth the repayment and redemption provisions with respect to the 2012 Bonds
- Amends the Master Indenture and First Supplemental Indenture
Bond Purchase Agreement
(Attachment 5)

Agreement by Underwriters to purchase 2012 Bonds from SANDAG

Continuing Disclosure Agreement
(Attachment 6)

SANDAG’s commitment to provide ongoing financial and operating information to the marketplace after the initial issuance of the 2012 Bonds in compliance with SEC Rules
Catalogue of Blanks
(Attachment 7)

Identifies items still pending in the draft bond documents

Next Steps

- **May 23** – Anticipated pricing of bonds
- **June 14** – Anticipated closing of bonds
TransNet 2012 Bond Issuance: Review and Approval of Final Bond Documents

Recommendation:

The Board of Directors, acting as the San Diego County Regional Transportation Commission, is asked to adopt by two-thirds vote of all members of the Commission, Resolution No. RTC 2012-02, authorizing the refunding of outstanding bonds and the issuance of refunding bonds and not to exceed $300 million aggregate principal amount of additional fixed-rate bonds and the execution and distribution of the documents that are attached in substantially final form (Attachments 2-6).
SANDAG Long-Term Debt Portfolio

- 2008 Variable Rate Bonds ($600 million; 30 year maturity)
- 2010 Fixed Rate Bonds ($350 million; 38 year maturity)
- 30 Year Fixed Rate Bond Index

Current Market Opportunity:
2008 VRDBs and Associated Swaps

Yield Curve Comparison
(Synthetic vs. Fixed)
Current Refunding Opportunity for SANDAG
(Maturities 2013 - 2018 Refunded to Fixed from Variable)

Composition of debt portfolio
Costs of Issuance  ($000s)

Cost of Issuance  $750  
Underwriter Fees*  $1,489  
Total  $2,239 (or about 0.63%)  

2010 Issuance ($350M) in BABs: $2,865 (0.82%)

**Similar Recent Issuances:**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Term</th>
<th>Par Amount</th>
<th>Cost</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA MTA</td>
<td>2018</td>
<td>$235M</td>
<td>$722k</td>
<td>0.31%</td>
</tr>
<tr>
<td>SBCTA</td>
<td>2040</td>
<td>$92M</td>
<td>$898k</td>
<td>0.98%</td>
</tr>
<tr>
<td>SJCTA</td>
<td>2041</td>
<td>$212M</td>
<td>$1.22M</td>
<td>0.58%</td>
</tr>
</tbody>
</table>